Daily Report

East Europe

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FBIS-EEU-95-211 *1 November 1995*

CONTENTS

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INTERNATIONAL AFFAIRS

Bosnian President: There Is a Chance for Peace *[Sarajevo Radio]* 1

INTER-EUROPEAN AFFAIRS

Akashi: 'Impossible Mandates' Cause of UN Failure *[AFP]* 2

ALBANIA

Presence of Marxism in PS 'Worries' Americans *[KOHA JONE 27 Oct]* 3
Tirana University Surveys Party Preferences *[RILINDJA DEMOKRATIKE 29 Oct]* 3
New Dismissals Expected in Army by 1 Nov *[ZERI I POPULLIT 25 Oct]* 4

BULGARIA

Greece's Papandreou on Cooperation, Closer Ties *[DUMA 24 Oct]* 5
Greek Foreign Policy Intentions Questioned *[STANDART NEWS 27 Oct]* 6
Navy's Kontrov Views Cooperation With Ukraine *[BULGARSKA ARMIYA 27 Oct]* 6

CZECH REPUBLIC

Havel Interviewed on UN Security Council Bid *[Sao Paulo O ESTADO DE SAO PAULO 29 Oct]* . 8
Klaus on Bank TV Ad, Conflict of Interest Law *[Prague Radio]* 8

SLOVAKIA

Foreign Ministry Official Evaluates Amman Forum *[Bratislava TV]* 10
Comment: Republic Ignoring Western 'Reservations' *[MLADA FRONTA DNES 26 Oct]* 10
Commentary by HZDS Deputy Criticizes President *[SLOVENSKA REPUBLIKA 30 Oct]* 11
Daily: HDZS Not Ready To Deal With Demarche *[SME 30 Oct]* 11
SIS Said Preparing 'Fabricated' File on Kovac *[SME 27 Oct]* 12
Newly Drafted Law Threatens 'Knockout' to Economy *[SME 25 Oct]* 12
Government Announces Privatization Principles *[HOSPODARSKE NOVINY 7 Jun]* 13

HUNGARY

Horn, EBRD Head Discuss Yugoslav Reconstruction *[Budapest Radio]* 18
Kovacs Makes Requests at EU Ministers' Meeting *[Budapest Radio]* 18
Official Views Possible Purchase of Fighter Planes *[Budapest Radio]* 18
Keleti Discusses Changes in Army Leadership *[MAGYAR HIRLAP 27 Oct]* 18
Minister Views Privatization Prospects, Tasks *[NEPSZAVA 28 Oct]* 19
National Assembly Amends Foreign Exchange Bill *[Budapest Radio]* 20

BOSNIA-HERZEGOVINA

Bosnian Army Commander on Truce, Croat Cooperation *[FOCUS 17 Oct]* 22
UBHSD Head Interviewed on Cease-Fire, Karadzic *[VECERNJE NOVINE 18 Oct]* 27
News Conference on Federation *[Sarajevo Radio]* 28

SDA Offers HDZ Deal To Abolish Herzeg-Bosnia *[VECERNJE NOVINE 24 Oct]* 28
Commentary Supports SDA-HDZ Plans *[DNEVNI AVAZ 25 Oct]* 29
GDS Supports State's 'Territorial Integrity' *[Sarajevo Radio]* 29
'Worrying' Possibility of 'Secret Talks' Noted *[Sarajevo Radio]* 30
Serb Republic VP Deplores 'Anti-Serb Campaign' *[SRNA]* 30
Serbs Claim Muslim, Croatian Army Violations *[TANJUG]* 30
Serbs Report 'Major' Muslim-Croat Clashes *[Pale Radio]* 31
Bosnian Army Claims Serb 'Provocations' *[Sarajevo Radio]* 31
Serb 'Special Brigade' Commander Interviewed *[GLAS SRPSKI 22 Oct]* 31
Martic Pays Visit to 'Serb Army of Krajina' *[Banja Luka TV]* 32
Sarajevo Officially Requests Abdic's Extradition *[NOVI LIST 28 Oct]* 33
RS Exempts Students From Military Service *[Banja Luka TV]* 36
Demobilization by 10 Nov *[SRNA]* 36

CROATIA

Electoral Results With 99 Percent of Votes *[AFP]* 37
HDZ To Win Some 60 Percent of Deputy Seats *[Zagreb TV]* 37
Dubrovnik Alarm Said To Be Politically Motivated *[NOVI LIST 30 Oct]* 37
SNS: Serb Voters 'Discriminated Against' *[AFP]* 38
Commentary: TV Discriminates Against Parties *[HRVATSKI OBZOR 23 Oct]* 38
Tudjman Views Achievements, Strengths, Aims *[VELEBIT 20 Oct]* 40
Serb Negotiator on Rejecting Draft Agreement *[Belgrade Radio]* 44
TANJUG: Census To Confirm Serb 'Exodus' 45
Future of Mostar Discussed on Television *[Zagreb TV]* 45
Effects of Krsko Nuclear Plant Closure Assessed *[VJESNIK 28 Oct]* 46

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

EU Parliamentary Delegation's Activities *[SRNA]* 48
Greek Border System 'Not Going as Planned' *[MIC]* 48
Red Cross Refused Entry *[MIC]* 48
Transport Ministry Delegation Visits Bulgaria *[MIC]* 48
More Border Points Planned *[MIC]* 48

POLAND

Daily: Decision Being Delayed on Troops for Bosnia *[ZYCIE WARSZAWY 30 Oct]* 50
1995 Presidential Election Highlights No 2 *[Media Note]* 51
Center Alliance To Support Olszewski *[PAP]* 52
Poll Shows Kwasniewski, Walesa Still Well Ahead *[Warsaw Radio]* 52
Kwasniewski's Wife Accused in Major Scandal *[ZYCIE WARSZAWY 31 Oct-1 Nov]* 52
Kwasniewski on Elections, NATO, EU, Russia *[Milan IL SOLE-24 ORE 27 Oct]* 55
Politicians Debate Foreign Policy After Elections *[GAZETA WYBORCZA 31 Oct-1 Nov]* 57
Minister Promises To Reveal Secret SB Files *[PAP]* 57
Deputy Finance Minister Chojna-Duch Resigns *[Warsaw Radio]* 58
Banks Attempt To Move Into Russia, CIS *[GAZETA BANKOWA 17 Sep]* 58
NBP Responds to Accusations of Arrogance *[GAZETA BANKOWA 24 Sep]* 59
Agencies Accused of Appropriating Ecology Funds *[WPROST 24 Sep]* 62
Referendum on Enfranchisement Proposal Opposed *[GAZETA BANKOWA 24 Sep]* 63

ROMANIA

Army Chief on Closer Ties With Ukraine, Hungary *[CURIERUL NATIONAL 27 Oct]* 65
Talks Begin With Matra To Manufacture Missiles *[EVENIMENTUL ZILEI 24 Oct]* 65

Generals Promoted in Rank During Army Day *[EVENIMENTUL ZILEI 25 Oct]* 65
Iliescu Rejects Grounds of Revival of Antisemitism *[EVENIMENTUL ZILEI 27 Oct]* 66

SLOVENIA

Drnovsek on EU, Relations With Austria, Croatia *[Vienna DIE PRESSE 31 Oct]* 67

YUGOSLAVIA

Federal

Milosevic Optimistic Ohio Talks Will Succeed *[TANJUG]* 68
Government To Promote Open Market Economy *[TANJUG]* 68
Interior Minister on New Citizenship Law *[TANJUG]* 68
Air Carrier Rejoins World Booking Body *[TANJUG]* 69

Serbia

Opposition Leaders Skeptical on U.S. Talks *[AFP]* 69
Seselj Says Milosevic Will Betray Serbia *[SRNA]* 70
Committee Report Alleges Crimes Against Serbs *[VECERNJE NOVOSTI 26 Oct]* 70
'Official' Data on 619,000 Refugees Issued *[Belgrade Radio]* 70
Disputes Within Serbian Orthodox Church Viewed *[DNEVNIK 16 Sep]* 71

Montenegro

LSCG Criticizes Bulatovic Statement on Talks *[NASA BORBA 31 Oct]* 71
Attempts To Ethnically Cleanse Kotor Bay Alleged *[DNEVNIK 16 Sep]* 71

Kosovo

Serb Colonist 'Settlement' in Mitrovica Viewed *[Editorial Report]* 72

Bosnian President: There Is a Chance for Peace

AU0111122295 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1100 GMT 1 Nov 95

[FBIS Translated Text] Alija Izetbegovic, president of the Presidency of the Republic of Bosnia-Herzegovina, arrived in Dayton, Ohio, early this morning to attend a new round of peace negotiations.

We have arrived with the aim of achieving the final peace agreement, Izetbegovic told journalists upon landing at the U.S. military base. I believe that there is a chance for peace, Izetbegovic said and added that, in his opinion, peace negotiations are not to last long and that he is very optimistic regarding achieving an end to the Bosnian conflict.

At the negotiations with Croatian and Serbian delegations, Izetbegovic is heading a delegation made up of 20 officials and technical experts of the Bosnian Government, Prime Minister Haris Silajdzic, and Foreign Minister Mu[illegible]amed Sacirbegovic.

Upon arrival in Dayton, Bosnia-Herzegovina Prime Minister Haris Silajdzic pointed out that the Bosnian Government seeks justice and democracy. We cannot bring back the dead, such as the 17,000 dead children in Bosnia, but can achieve justice—that is, the full functioning of the Bosnian state, its reintegration, sovereignty, justice, and democracy—Silajdzic said.

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Akashi: 'Impossible Mandates' Cause of UN Failure

AU3110132695 Paris AFP in English
1259 GMT 31 Oct 95

[FBIS Transcribed Text] Zagreb, Oct 31 (AFP)—UN envoy Yasushi Akashi, declaring himself "sad" as he prepared to step down from his post here, on Tuesday blamed the United Nations' "sometimes impossible mandates" for the failure of its military mission in former Yugoslavia.

Akashi said he had "mixed feelings" after nearly two years in the top UN job in former Yugoslavia.

"I am sad to leave behind a job which has yet to be completed," Akashi said, but he denied that the UN role had been a "complete failure" noting humanitarian "successes" including the delivery of over one million tonnes of humanitarian aid.

The Japanese UN diplomat, 64, who returns to New York Wednesday, said he was still convinced, as he had been when he arrived in January 1994, that "there could never be a military solution to the conflict here, only a negotiated political solution."

Akashi has been slammed by critics for preventing the strong use of force in the region, notably in Bosnia, but said Tuesday he was still sure that "the only way that peace could be achieved was through mutual confidence and political compromise."

Putting the blame for the UN's failure to end fighing in Bosnia, he said the UN efforts in the former Yugoslavia "should be evaluated in the context of the Security Council resolutions and the resources which have been given to the organization to fulfil them."

"Some of these mandates have proved impossible to fulfil," he said.

When the United Nations set up six so-called "UN safe areas" around Bosnia in 1993 and 1994 the UN Secretary General Butrus Butrus-Ghali asked for 34,000 additional troops to police them but got only 7,000, Akashi said.

The United Nations would have to draw several lessons from its mission in former Yugoslavia, he said.

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Presence of Marxism in PS 'Worries' Americans

AU0111114595 Tirana KOHA JONE in Albanian 27 Oct 95 p 3

[Report by A. Vata: "Marx Worries the Americans"]

[FBIS Translated Text] The series of meetings of the U.S. Embassy political secretary in Tirana, Karl Zibendrit, with the representatives of the opposition political parties in Albania are continuing. The day before yesterday [25 October] at noon, the U.S. diplomat was the guest of the Socialists for two hours. In the private meeting he had with the deputy, Agolli, the U.S. diplomat was very interested in knowing about the political situation in the country on the eve of the coming elections. "Most of the conversation with the American guest was about Zibendrit's interest in the aggravated political situation in Albania and the opinion of the Socialist Party [PS] about it," said the Socialist Deputy Agolli, to KOHA JONE. Agolli explained his party's opinion of the tense preelectoral campaign to the U.S. diplomat. "The political tension on the eve of the elections is rising sharply, as a consequence of conflicts between the opposition parties and certain state segments," said Agolli to the U.S. diplomat. The U.S. diplomat showed interest also in the new changes in the PS Presidium and Marx's presence in their program. In connection with the first, Agolli said: "Changes just as in every party are acceptable and justifiable for their end." As for Marx's presence in his party's program Agolli said, "The PS embraces all the progressive and contemporary trends, including the illuminist ideas."

As for the problems caused by Marx's presence, he stressed that it is not Marx but the word marxism in the PS program that caused concern and that its presence or not in the modern and progressive progam of the PS changes nothing.

While Agolli expressed his stand about what interested the U.S. diplomat more, the latter kept notes only and nodded his head, sympathizing with the concerns of the Socialist, Agolli.

Asked about the atmosphere of the meeting, Agolli said, "It is not by chance that representatives of the U.S. Embassy have meetings with PS leaders. This has to do with the recognition on the part of Americans of the PS alternatives as the biggest oposition party in Albania whose aim is to come to power in the next elections." At the same time, in yesterday's meeting that Zibendrit had with the other Socialist Ndre Legisi, beside his interest in the tense political situation, changes in the PS, and Marx's presence in the Socialist program, they also talked about imprisoned Socialist leader Fatos Nano. Legisi considered that keeping him in prison to be "unlawful, politically motivated, and fraught with danger for Albanian democracy."

Tirana University Surveys Party Preferences

AU0111114895 Tirana RILINDJA DEMOKRATIKE in Albanian 29 Oct 95 p 1

[Unattributed Editorial: "Survey Proves PD Has Realized Its Contract With the Electorate"]

[FBIS Translated Text] A survey conducted by professional groups at the Faculty of Sociology-Philology shows the political pulse of the Albanians. The survey was conducted on a scientific basis following rules by specialized groups on the number of people, geography, age, and sex. The questions, political in nature, give very important answers. After the 1996 elections Albania will continue to be governed by rightist forces, whose most powerful representative, no doubt, is the Democratic Party [PD]. Fifty-eight percent of Albanians are convinced of the victory of the right-wing parties in the coming elections, when only 23 percent see a victory for the left-wing parties.

This result becomes clearer with the other figures: 65 percent of Albanians consider the internal policy of the democratic government successful, and 75 percent praise its achievements in foreign policy.

On 29 October, considering the developments in Albania, the European members of parliament voted unanimously for Albania's full membership in the Council of Europe. In the survey, 90 percent of the Albanians consider this membership an assistance in the progress of democracy and well-being in Albania.

Albania, the first country to ask NATO membership (of the former communist countries), is the country that maintains close ties with the strongest military pact in the world. In the survey, 70 percent of the people consider this the most important factor in preventing conflict from extending to our country.

Another important question is that of order. Four years ago it can be said that Albania was one of the least safe countries regarding public order. Today many people ask for further improvement in this direction, but 60 percent consider achievements to be positive.

Today 75 percent of Albanians in town and the country live much better or better than three to four years ago, and this is also admitted by 70 percent of the unemployed. All these facts make 82 percent of the Albanians optimistic for the future. These are the results that give people more faith in PD politicians, in those who can legitimately claim credit for the above results. That is why 53 percent of those surveyed believe in

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PD politicians, when only 18 percent of them believe in Socialist Party [PS] politicians. That is why 58 percent of Albanians declare that they will again vote for the right-wing parties. Eighteen percent of Albanians are undecided between the two sides. The PD is determined to fully realize its program, while the PS is just as determined to continue its destructive policy.

This is enough to understand for whom this part of the electorate will vote.

With these results, [PS General Secretary] Ruci has the right to protest against a group of sociologists who decided to make a survey and dared to reveal what the former minister of interior had prepared with his old "specialists." Ruci will have other occasions to protest because other independent specialized groups will make surveys whose results will always make Ruci indignant. Reality does not depend on the wishes and dreams of PS leaders.

[Box, p 1]

Survey of the Faculty of Sociology-Philology, Tirana University

The group made a survey of 13 questions primarily of a political nature. It took place in 18 towns and 83 communes throughout Albania. About 1,020 people were surveyed.

The preliminary data result in some significant results:

1. About 65 percent consider the internal policy of the government successful.

2. Over 90 percent think that EU membership will assist the progress of democracy and well-being in Albania.

3. About 70 percent consider NATO and the United States preventive factors of the extension of the war in the former Yugoslavia to Albania.

4. About 75 percent think there have been achievements in foreign policy.

5. Over 82 percent are optimistic for the future.

6. About 75 percent live much better or better than three to four years ago.

7. About 50 percent think there have been achievements in public order.

8. About 70 percent of the unemployed in town and in the country admit they live much better or better than three to four years ago.

9. Over 76 percent declared that they will take part in the elections, 6 percent will not take part in the elections, 17 percent will decide later.

10. Asked about the most convincing politicians, about 53 percent were for PD politicians, 18 percent for PS politicans, 3.5 percent for Republican Party politicians, 2.4 percent for Social Democrat politicans, 2.2 percent for the Democratic Alliance, etc. About 9 percent did not express an opinion.

11. About 58 percent think that right-wing parties will win in the coming elections, 23 percent for the left-wing parties, and about 18 percent did not express an opinion.

12. Age groups: 18-25 years old—25.7 percent, 25-40 years old—38.52 percent, 40-55 years old—24.57 percent, 55 years old—11.12 percent

13. Females—52.17 percent, Males—47.83 percent

New Dismissals Expected in Army by 1 Nov

AU0111114795 Tirana ZERI I POPULLIT in Albanian 25 Oct 95 p 6

[Article by Musa Kurtulaj: "On 1 November—New 'Reform' in the Army"]

[FBIS Translated Text] Another Army reorganization, which started two months ago, ended recently. As a result, on 1 November scores of Army officers will be dismissed as redundant. They are officers in Army units, are Army experts in different kinds of weapons, and are important for their geographic location. We cannot publish information about them for well-known reasons.

In the framework of this reorganization the officers to remain with the Army have not been carefully selected. In the Shkodra division the number of redundant officers runs to three digits. It is said that the list with their names was sent to the Defense Ministry to be signed a few days ago. According to information, no testing was made to choose the most capable. The officers to be dismissed from Shkodra division have the rank of major and above. Their average age is not more than 46. These Army officers were tested successfully in 1993.

The greatest worry of the Defense Ministry is not the officers to be dismissed, but which newspapers are considered depoliticized for acceptance in the Army units. Five days ago [20 October] the Ministry sent a message to the military units instructing them to subscribe to, besides ARMY AND TIME, also the BASHKIMI, ALBANIA, ZERI I RINISE, and LAJMI I DITES newspapers. According to the message, these newspapers are depoliticized.

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Greece's Papandreou on Cooperation, Closer Ties

AU3110203095 Sofia DUMA in Bulgarian 24 Oct 95 p 3

[Interview with Greek Prime Minister Andreas Papandreou by Petur Georgiev; place and date not given: "BSP and PASOK are Factors in Good Relations Between Bulgaria and Greece"]

[FBIS Translated Text] [Georgiev] It appears that the basic military conflict in Bosnia is about to be resolved. How do you see the near future in the Balkans and the role of Greece?

[Papandreou] I greet this possibility to show again what Greece thinks on this matter. We are working and will continue to work for peace in the Balkans and for reaching peace in Yugoslavia. This is a basic element of the Greek foreign policy and we shall always try to seek a peaceful solution to the Yugoslav crisis through political and pragmatic means.

Peace, friendship, and cooperation are the hope of the Balkans. This hope applies to all countries in the region.

Moreover, this applies not only to the states in the region, which are members of NATO and the EC, but to all other countries. It is and will be a great hope for the countries to the north of Greece. A new epoch of cooperation in the Balkans must come after the catastrophic war in Yugoslavia. Political and economic cooperation among the countries in the region must develop.

[Georgiev] A large part of the contradictions between Greece and Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] have been eliminated. What else is to be dome for the total normalization of relations between the two states?

[Papandreou] Greece and FYROM really are on the road toward normalizing relations. A mutual agreement was signed and it marked a new period in bilateral relations. However, we expect great discussion concerning the name. We will continue to negotiate, and I hope, we will reach an agreement. I think that the Greek position is acceptable. It could find a positive response in other countries and improve relations with Skopje.

There still is much to be done for the total normalization of relations between the two countries. For the time being the crisis about the name continues. We hope that FYROM will do everything possible in the region in order to improve relations with Greece and will negotiate on finding an even better spirit of our relations.

[Georgiev] Bulgaria remains on the EU negative list. How could Greece help us to get out of this humiliating list?

[Papandreou] Indeed, Bulgaria is on the EU "black list." How could Greece help you to get out of the list? Greece is a member of the EC and works for improving relations between the EC and Bulgaria. We firmly believe that Bulgaria's place is in Europe. However, there also is another solution to this issue. We think that the existing differences must be eliminated through talks between Bulgaria and the EC.

[Georgiev] During your last meeting with Prime Minister Videnov important decisions were adopted regarding the construction of the Burgas-Alexandroupolis oil pipeline and new border checkpoints. What is being done at present for the implementation of those decisions?

[Papandreou] Those decisions were a real step forward and they have a special importance in our relations. Both countries will greatly benefit and the possibility will emerge for a rapid and strong progress. The issue was discussed at the meeting of the foreign ministers of Greece, Bulgaria, and Romania, which took place in Ioannina. The important factor there was the procedure on constructing the highways system. After the visit of Russian Foreign Minister Kozyrev to Sofia and Thessaloniki, a decision was adopted on the construction of the trans-Balkan petroleum company, and there is an agreement on the construction of the oil pipeline.

In addition, in the talks which will take place between the foreign ministers of Bulgaria and Greece on 24 October in Sofia, a review of the signed agreements and the Athens accord with Prime Minister Videnov will be made.

[Georgiev] The Panhellenic Social Movement [PASOK] and the Bulgarian Socialist Party [BSP] have traditionally good relations. How could the two parties facilitate the development of interstate relations?

[Papandreou] In addition to being the two greatest political forces with a leading role in Balkan politics, the two socialist parties, the BSP and PASOK, have a decisive importance in developing cooperation between the two countries and friendship between the two peoples. The main goals of the two parties are democracy, progress, social well-being, peace and security in the Balkans, and our peoples' prosperity. Interstate cooperation and relations between the two parties have new dimensions today. This cooperation contributed much to the benefit of both peoples and serves as a bridge toward togetherness and understanding.

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Greek Foreign Policy Intentions Questioned

AU0111103795 Sofia STANDART NEWS in Bulgarian 27 Oct 95 p 22

[Article by Albena Shkodrova: "Bulgaria—Greece's Diplomatic Failure?"]

[FBIS Translated Text] The agreement President Zhelev signed in New York on reviving the Via Ignatia ancient road evoked panic in Athens. Considered among the most skilled diplomats in the Balkans, the Greeks could not hide their concern with the fact that Turkey is signing an agreement with Bulgaria, Albania, and Macedonia [The Former Yugoslav Republic of Macedonia—FYROM]. What made everything even worse was the fact that the agreement was rather unexpected, and that it involves a project of which Greece is not a part.

The agreement on the transportation corridor really is an unpleasant blow for the Greek diplomacy. This is so, not because the agreement could possibly replace the project of a similar highway through Greece financed by the EU, but because by signing it the four countries proved that Greece's efforts to win them over for its cause were inadequate.

In recent years Greece invested much energy in improving relations with Albania and Macedonia, and it was already prepared to reap the benefits of the compromise it made.

The "perfidy" of the EU, whose representative officially witnessed the signing of the agreement in New York, was an even more unpleasant surprise.

However, it appears that Greece expected Bulgaria least of all the other states to make a step like this. It should have expected it.

For about one year Greece often repeats that it will be Sofia's support in its quest for integration in the EU. It promised to cooperate for effecting the full-fledged membership of our country, and continues to try and convince us that for us Europe means Greece. Those promises were repeated again during the recent visit of Greek Foreign Minister Karolos Papoulias.

However, it was a German rather than a Greek diplomat who proposed taking Bulgaria's name off the black list. There is no evidence that Athens did anything for us also at the European Commission.

As far as our other major problem is concerned—the Kozloduy Nuclear Power Plant—not only did Greece not help us resolve it, but on the contrary—it contributed to exacerbating it. It was the Greek foreign minister who initiated the EU position on immediately shutting down the reactor.

After the memorable meeting in Ioannina our diplomats said that Greece categorically was on Bulgaria's side in the dispute with Romania concerning the location of the second bridge across the Danube. This could be so; however, it does not appear that Athens could do anything about Bucharest's stubbornness.

With time Greece's promises acquire more and more the character of cheap demagogy. For the time being it does not seem that Athens intends to maintain the image of a European power in the Balkans in any other way except through assurances.

If all this is only now becoming obvious to the side observers, the rulers have long been aware of it.

Perhaps this is the reason that, unlike in similar cases in the past, the government did not dissociate itself from the president's initiative.

In the final analysis, even if Via Ignatia is not restored, the agreement that was signed with Turkey is very convenient for the government. It at least is something that could be used in a barter deal—for example, for a larger share in Bulgaria's participation in the Burgas-Alexandroupolis oil pipeline. The "benevolent" Greek cabinet is trying to reduce our participation in the project to 10 or even 5 percent.

Navy's Kontrov Views Cooperation With Ukraine

AU0111103595 Sofia BULGARSKA ARMIYA in Bulgarian 27 Oct 95 pp 1, 3

[Interview with Rear Admiral Khristo Kontrov, Navy commander, by Captain Second Class Atanas Panayotov; place and date not given: "Perhaps Our Naval Equipment Will Soon Be Repaired in Ukraine"]

[FBIS Translated Excerpt] [Panayotov] Admiral, you returned recently with the Smeli frigate from a visit to Odessa. How do you assess the visit, which took place at the invitation of the Ukrainian Navy commander?

[Kontrov] The visit achieved its goals. In military language—we created the prerequisites for good contacts and mutually beneficial cooperation with our colleagues from the Ukrainian Navy. [passage omitted]

[Panayotov] Together with Rear Admiral Beskorovayniy you signed a protocol on naval cooperation between the two countries. In what direction will this cooperation develop?

[Kontrov] First of all, we will restore the reliable link between our staffs to constantly exchange the necessary information. We shall also begin cooperation in training cadres. We will plan and conduct mutual naval exercises in the spirit of the Partnership for Peace program. We

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explicitly pointed out in the protocol that those exercises will by no means violate the interests of a third side.

[Panayotov] We understand that you have had talks with the leaderships of the Ukrainian naval enterprises. Is there already any specific result?

[Kontrov] Our official delegation included experts from the Ministry of Defense, the General Staff, and the Navy Command. At present Ukraine has available capacities and cadres for repairing naval equipment. I think that the experts did a good job. They agreed with the representatives of their shipyards to accelerate the procedure for contracting and specified the mechanisms on requesting and carrying out the repairs. Those enterprises are probably the closest to our country, and their service equipment which is identical to ours. The issue of the prescribed inspections becomes ever more acute for us, and the issue of increasing the service life of the equipment becomes a priority topic. Therefore, we talked with the Ukrainian partners about specific factors: terms, payments, and guarantees. There is at least a 70 percent chance that by the end of the year some of our vessels will be repaired in Ukrainian plants. We have an agreement to extend this process in 1996.

[Panayotov] You mentioned an Air Force enterprise.

[Kontrov] Yes, the engines of our naval helicopters also need urgent repair, which could be carried out by a specialized Ukrainian plant. I hope that we will be able also to retrieve one of our helicopters, which has been there for three years, but its repair cannot be implemented because of the administrative mess in relations between the two countries' departments. [passage omitted]

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Havel Interviewed on UN Security Council Bid

PY0111021995 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Oct 95 p A23

[Interview with Czech Republic President Vaclav Havel by unidentified correspondent in New York; date not given]

[FBIS Translated Text] [O ESTADO] What aspirations does the Czech Republic have?

[Havel] We aspire to become a permanent member of the UN Security Council. I do not consider myself simply the Czech representative before this organization, but also the representative of an entire current of humanistic thinking. We have been invited to comprise, with 15 other countries, a group to promote reforms within the United Nations and to include among the UN duties that of defending the environment, which is something I am very much interested in.

[O ESTADO] Is it true that your name has been considered for the position of next UN secretary general?

[Havel] I am not the right person for this position—perhaps in the future, after the reforms are implemented. At the moment, the United Nations needs a professional, veteran diplomat to be its secretary general. This person must speak at least five languages fluently. I do not fulfill these requirements.

[O ESTADO] Are you concerned over the possibility that the victory of communism or nationalism in the Russian elections can have an influence on the destiny of the Czech Republic?

[Havel] There are no immediate threats to my country, no matter who wins the elections in Russia. If the communists or radical nationalists win the elections, however, the situation will become more complicated, particularly in the military area because the reorganization of NATO and other military organizations in Europe is being studied....

[O ESTADO] In your speech at the UN General Assembly, you said that the United Nations can be modified and mentioned that you do not like its current structure. What is it that you do not like about it?

[Havel] The main discussion centers around the Security Council, which no longer reflects the political reality of the current world. Its structure reflects what the world was 50 years ago.

[O ESTADO] Contrary to the Czech Republic, which conducted a plebiscite, Yugoslavia was divided through violence. In your opinion, what attitude should the United Nations adopt in this regard?

[Havel] The United Nations should protect some values and be strong enough to punish those who perpetrate violence and genocide.

[O ESTADO] Do you think that the decisions of the Security Council should depend on one single veto?

[Havel] I believe that once the UN Charter is reformed, it will become necessary to have the veto of two nations instead of only one; later on, the veto of three nations should be necessary, and so on.

[O ESTADO] What about the UN's budget of $4 billion?

[Havel] The United Nations must pay for its military expenses. Financial (humanistic) assistance, however, should be conceded through specialized agencies, such as the IMF and the World Bank, for example. The United Nations would limit its interference to granting political support to the transactions.

Klaus on Bank TV Ad, Conflict of Interest Law

LD3110213395 Prague Radiozu Radio Network in Czech 1720 GMT 31 Oct 95

[Regular Tuesday interview with Czech Republic Prime Minister Vaclav Klaus by Lucie Weissova—live or recorded]

[FBIS Translated Excerpt] [Weissova] Something is happening in our capital market. Ownership is being transferred—in particular, ownership of investment funds. The Plzen bank has stirred quite an interest, not only by purchasing shares but also by its television advertisement. What do you think about this?

[Klaus] I think that these two things must be strictly separated. Unfortunately, because of that villainous advertisement, they are seen as the same thing.

The fact that there are movements on our capital market and that some people do not like it because they are making a loss while others are gaining is something natural and correct. I must even add that some of us would have wished for something of this kind to happen even earlier.

These movements are natural. I do not see any reason at all for any kind of intervention by the state, the prime minister, or the government. Nobody expected the first owners who emerged from coupon privatization or from privatization in general to be the ultimate owners.

That advertisement that the majority of us saw in the past few days is something totally different. It is unacceptable. I am very glad that both the Advertisement Council and the Television and Radio Broadcasting Council acted so firmly yesterday because the ad-

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vertisement is truly misleading, unfair, unethical, and damaging. It is political as well—and this must never be the case in advertising. [passage omitted]

[Weissova] My next question is about the conflict of interest. Parliament is to discuss the law on conflict of interest in the current session. The law concerns you personally because you are a politician How do you like so far the proposal put forward to parliament?

[Klaus] First I have to say that this law already exists. I believe that people who are calling for this law do not know that we have such a law and that this existing law co··rs 90 percent of issues that I think are necessary and correct. The government prepared a new law and I put it forward to parliament. I cannot defend anything else except the bill that was prepared by the Ministry of Justice: I think it is a good law. Other proposals have been voiced in parliament, everybody sees this as an opportunity to make a comment and use his gifts of creativity.

I agree that a politician or a constitutional representative should be under public scrutiny. This is absolutely right. But I do not see why the same scrutiny should extend to his parents, wives [as heard], children, and so on. This is absurd and contradicts our Constitution and the charter of basic freedoms and liberties. Above all, it is a case of pure populism.

Similarly, I find some of those petty ideas that so desperately try to be prescriptive quite bizarre. For example, instead of requiring that gifts are declared, we get a total ban on receiving gifts! It is true that on being presented a picture or a vase, a visiting politician may wonder where to put it because his home is already full of vases. But I find the idea that somebody should resort to the law to ban this kind of thing quite unnecessary and pretentious, and I really do not know what its usefulness would be.

[Weissova] I still think if somebody wants to bribe a politician he can do it through his family. Do you not think this is the reason that at least the nearest relatives—at least the wife and children—should be covered by the law on conflict of interest?

[Klaus] I doubt that a six-year-old child will be bribed. And, if a child is 26 years old, like my son—I must say I have not been in contact with him for about a month because he is studying in Cologne for one semester and I really do not know what he does or does not do there. To enforce parliamentary control over him in the same way as over me is absurd, I think. [passage omitted]

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Foreign Ministry Official Evaluates Amman Forum

LD0111121595 Bratislava STV 1 Television Network in Slovak 1830 GMT 31 Oct 95

[FBIS Translated Excerpt] A three-day economic conference of Middle East and North African countries ended in Amman in Jordan today. Slovakia was represented by a delegation led by Foreign Ministry State Secretary Jozef Sestak. [passage omitted]

Shortly after his return to Slovakia, we asked the state secretary to evaluate the conference.

[Begin Sestak recording] Compared with the Casablanca conference a year ago, we made headway in that an institutional framework for economic cooperation in this region is being created. The point is that, if there are no specific economic projects to support the Middle East peace process, we will not be able to talk about stability in this region. [passage omitted]

[Announcer] In the context of meetings between heads of delegations, the state secretary met with U.S. Secretary of State Warren Christopher. Their discussion concerned relations between Slovakia and the United States.

[Begin Sestak recording] What I discussed with Mr. Christopher was not the aide-memoire [U.S. demarche of 25 October] but relations between Slovakia and America in this particular context. In effect, I carried on in the same spirit as I did during the talks between Presidents Kovac and Clinton, about which the public has been informed. During these talks, I suggested to President Clinton that it would be a good thing—and I stressed this once again when talking to Mr. Christopher—if the U.S. Administration and its top representatives were to talk to the representatives who are actually running the state, which is the Government of the Slovak Republic, headed by its prime minister. [end recording]

Comment: Republic Ignoring Western 'Reservations'

AU3110143895 Prague MLADA FRONTA DNES in Czech 26 Oct 95 p 12

[Commentary by Karol Wolf: "Slovakia Does Not Notice the West's Warnings"]

[FBIS Translated Text] The repeated and, this time, particularly emphatic wave of "Western" reservations about the style of government in Slovakia is quite clear-cut, but, despite this, it is like a drop in the ocean.

It seems that not even the joint mission by the U.S., British, German, and French ambassadors to the Bratislava government's palace or statements by such individuals as Bill Clinton and Malcolm Rifkind have any influence on the Slovak rulers' way of thinking. On the contrary, even though the still very cautious and diplomatically couched formulations are acquiring emphasis, the Slovak Government (and the media inclined toward it) presents these signals as praise or, alternatively, as proof of the great interest the entire West has in Slovakia.

At the same time, the reasons Slovakia arouses concern are as plain as day. The country is beginning to give the impression of being a formal democracy, where it is as if everything takes place within a democratic framework, but the everyday reality testifies to something completely different.

The real problem for Slovakia's ruling politicians is their own inner set of values, which has nothing in common with the Western concept of democracy. The workers' leader, Jan Luptak, with his militantly anticapitalist view of the world or the nationalist Jan Slota, who is an admirer of Vladimir Zhirinovskiy, cannot think and act like democrats. The darling of the crowds, the populist Meciar, also has similar difficulties with his understanding of democracy. Moreover, he suffers from a pathological inclination toward absolute power and sometimes an almost childish desire for revenge against anyone who in any way rejects his ideas.

After the last elections, it began to be clear that it would just be a matter of time until the Meciar regime started to show its teeth and the question marks were raised above Slovak democracy. Privatization according to the Russo-Ukrainian model, scandals such as the kidnapping of Kovac Jr., the conflict with the Hungarian minority, or the government's churlish censorship of the state's electronic media were simply to be expected. Following the appointment of the former Komsomol [USSR Communist Union of Youth] member Ivan Lexa as the head of the secret service, it was also to be envisaged that this institution could be misused for political purposes, which, incidentally, is now happening quite openly.

So, the remnants of the Slovak democrats have something to be afraid of. That is, the law of development is inexorable and states clearly that a system heading toward dictatorship has only two routes. Either it will fail and the dust will settle on its protagonists or, on the contrary, it will radicalize its means of existence and eventually abandon its formal democratic confines. The fact that the sometimes almost flagrant pressure on everything "antigovernment" in present-day Slovakia is increasing conspicuously signifies that, at the moment, we can expect the latter variant.

Of course, even today it is impossible to claim that the death knell has been definitively rung for democracy in

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Slovakia. We can state clearly, however, that it is under a very grave threat. Ignoring all of the signals from abroad or deliberately and officially concealing them from the public merely confirms this.

Commentary by HZDS Deputy Criticizes President

AU3110131795 Bratislava SLOVENSKA REPUBLIKA in Slovak 30 Oct 95 p 3

[Commentary by Deputy Eva Zelenayova, of the Movement for a Democratic Slovakia, HZDS: "Government's Results Are Making the President Nervous"]

[FBIS Translated Text] Whenever the big express an interest in the small, it is necessary to beware. In a world ruled by financial capital, nothing is free. In the past, they used to humiliate the Slovaks with a simple statment: Do not think you are the center of the world!

We did not think so, and do not think so today. We are well trained, so the concerns of the big ones have no effect on us. We know who we are dealing with.

We, too, have our own big ones. They have grown big among us, and we know about them what we know. About the president, for example.

While in many countries of the world they cultivate minority governments because support for them requires agreement between the coalition and the opposition, in late 1993, the Slovak president deemed precisely such a government unstable. He told the whole world about it, and, in March 1994, a miracle occurred. The majority started to rule, and Frantisek Miklosko [Christian Democratic Movement deputy chairman] said in parliament, without beating about the bush, how it intended to exercise this majority: We have the majority, everything is in our hands, you can now propose anything you want, we are not going to approve it anyway.

Thank you for your candor, Mr. Miklosko. Nevertheless, the president of all citizens should have come out in defense of the other part, which the coalition harshly ignored. He did not. He did not go around the world complaining how democracy in Slovakia was threatened when Moravcik's government exerted maximum efforts to liquidate the sole opposition daily in Slovakia!

And it did liquidate everyone who was not of one—the anti-Meciarite—persuasion. People in TASR, in hospitals, and in the state administration could tell stories about that....

There was no demarche. Privatization continued without parliamentary control, and the world was silent. To this day, it is not known who is behind the privatization funds, who did the privatizing.

After the 1994 elections, a firm and stable coalition government was formed, but once again the president does not like it. He travels around the world—though not at the invitation of presidents but of private persons or foundations—and never fails to prepare hot ground. Diplomatic notes and demarches are flying as though Slovakia really were the center of the world. We are just holding discussions on the same issues as anywhere else in the world, but someone would again like to shut our mouths. The president does not like such democracy. Recently he mused in NARODNA OBRODA [20 October]: "What needs to be pondered today—and I am trying to do so—is whether the simplistic argument that one commands the majority is an expression of democracy." It is probably not by coincidence that he is, precisely now, giving thought to the issue majority and its relationship with democracy. The citizen must be told: When the majority dismisses me, it will not be a democratic decision. He could not care less that parliament, the government, a number of institutions, and citizens have expressed their loss of confidence in him. In defiance of everyone, he is passing himself off as the sole democrat, as the guarantor of democracy and stability in the Central European space....

In spite of this "stabilizing element," the government is doing its job and scoring successes. The opposition is getting nervous. And the world is writing demarches.

The president remembers: "For years, communists used to hold weekly political indoctrination classes for us." How inconspicuously the president managed to detach himself from his own past. Why? For whom?

Whenever big ones...

Daily: HDZS Not Ready To Deal With Demarche

AU3110132895 Bratislava SME in Slovak 30 Oct 95 p 4

[Commentary by Lubomir Lintner: "Will the Meciar Maelstrom Suck Us In?"]

[FBIS Translated Text] Already, the first reactions by Movement for a Democratic Slovakia [HZDS] leaders to the EU demarche of 25 October have indicated that the present ruling power is not even ready to deal in a businesslike way with the contents of that document. Vladimir Meciar devoted himself to the mystification [mystifikacia] of its form ("it was not a demarche, but a communique") and HZDS Deputy Chairwoman Olga Keltosova even came up with the totally undiplomatic idea that it needs to be examined whether the demarche did not express only the views of the three countries whose diplomats had delivered the document. In the

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frame of mind of rejection of any objections to his own method of governing, on 27 October Vladimir Meciar was confronted with another warning, presented to him by U.S. Ambassador Theodore Russell. The contents of the two demarches essentially overlap. The EU observes with concern institutional tensions and, above all, the possibility that actions could be taken against the president that run counter to the generally accepted customs in the countries of the EU. The U.S. ambassador voiced concern over the possibility that actions could be taken against the president of the Slovak Republic that could negatively affect the process of democratic transformation in Slovakia. However, as early as in his Friday radio interview, the HZDS leader indicated very clearly his thinking and, by the same token, in fact, also his course of action on the domestic political scene. With the words "this is his baby," he accused President Michal Kovac of being responsible for the critical stands vis-a-vis Slovakia expressed by the United States and the EU countries last week. Vladimir Meciar will not give up his original endeavor to rid Michal Kovac of the presidential office, which he demonstrated, through his stooges (Olga Keltosova, Ivan Lexa), as early as two days after last year's elections. He is not even capable of admitting to himself that it was his method of exercising power that had led to the first [EU] demarche of 24 November 1994. However, the nature of exercising power has not changed in Slovakia, which is noted also by the EU when it stresses in the fourth point of its demarche that the concerns regarding political transformation, expressed in the document a year ago, still persist. According to one idea of the sages, a man who never revokes his claim loves himself more than the truth. Vladimir Meciar has been drawn into a political maelstrom, from which he will not get out on his own. For the time being, everything suggests that, as early as at the November meeting of parliament, the decision will be made on whether the Meciar maelstrom will suck others in the direction of "democracy" of the eastern type. Ever since last November's night [when the parliamentary opposition was removed from key parliamentary bodies and media supervisory councils], the Old Maid of our development has been in the hands of government coalition deputies.

SIS Said Preparing 'Fabricated' File on Kovac

AU0111104495 Bratislava SME in Slovak 27 Oct 95 p 2

[Article by "pt": "Prague Diplomatic Circles About the Slovak Information Service"]

[FBIS Translated Text] Bratislava—We have obtained from Prague diplomatic circles information that Rudolf Z., director of the Slovak Information Service [SIS] First Section (intelligence), and Dezider K., a high-ranking Slovak intelligence officer, have met with a diplomat from the Slovak Embassy in Prague. During the meeting, they supposedly discussed ways of securing a fabricated agency file proving Slovak President Michal Kovac's alleged collaboration with the former StB [State Security Corps; communist-era secret service]. While the screening law is valid in Slovakia, it is not being applied because the law does not specify which state agency should issue screening certificates. The publication of such a false file would therefore be impossible to disprove. From the same source we have learned that the official representative of the SIS intelligence department in Austria is to be recalled from Vienna. According to Prague diplomatic circles, personnel changes are also planned in the SIS Second Section (counterintelligence), from which a number of people are to be dismissed in the coming days.

Newly Drafted Law Threatens 'Knockout' to Economy

AU3110123595 Bratislava SME in Slovak 25 Oct 95 p 4

[Commentary by Alena Gottweisova: "Price Knockout on the Horizon"]

[FBIS Translated Text] When the inclusion of the draft law on prices on the agenda of the ninth meeting of the National Council of the Slovak Republic [NRSR] was successfully averted, many people sighed with relief. The relief did not last long. The draft has now been submitted, in unchanged form, to NRSR committees for discussion, threatening a definitive knockout to the transformation of the economy, already being dealt left and right hooks.

The government is proposing a "trifle"—to introduce into the system of prices set by agreement the possibility for the government and municipal and district offices to intervene. The Ministry of Finance will be able to regulate prices in the case of the emergence of an extraordinary situation on the market, if the market is threatened as a consequence of an inadequately developed competitive environment, if required by public interest or by the protection of the consumer and the market, or in the case of the existence of a natural monopoly. Municipal offices will intervene in the price setting for goods of local significance following an agreement with the community, while district offices will perform this activity within the framework of the district. The category of a disproportionate price [neprimerana cena] is being introduced, which depends, on the side of the seller, on whether the price markedly exceeds the economically

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warranted costs or adequate profit, or, on the side of the buyer, on whether the price does not reach economically warranted costs. Decrees will be issued to define the otherwise hazy categories "economically warranted costs" and "adequate profit."

The normal principle of price setting is by way of agreement between the buyer and the seller. The price is determined by the situation on the market, by supply and demand. Intervention into this mechanism by means of price regulation, for example, instead of establishing a normal market environment, can only result in a pseudoeconomy, in which the prices of goods and services are set artificially and in which local, district, and nationwide monopolies are thriving. The question is whether precisely this is in the public interest. What is certain, however, is that scope is being created in this way for the subjective assessment of the adequacy of costs, profits, and prices. Closely associated with this is the possibility of civil servants' corruption aimed at eliminating competitors, and so forth.

The government will settle one of its problems, however. By means of price regulation, it will be able to curb inflation, which could soar again in the future. This could be its (primary) aim—the picture of a smiling economy, smiling in such a way that the knocked out front tooth cannot be seen.

[On the same day, on page 2, Bratislava SME in Slovak carries a 300-word report by "sp" on a news conference organized by the Union of Tradesmen, Entrepreneurs, and Farmers [UZPR] in Bratislava on 24 October, which states: "According to UZPR representatives, the ill-famed law on prices, drafted by experts of the government coalition, is to be discussed at the November NRSR meeting. The passage of this law would mean the liquidation of the market environment and the entrepreneurial sphere."]

Government Announces Privatization Principles

95CH0280F Bratislava HOSPODARSKE NOVINY in Slovak 7 Jun 95 p 7

[Government announcement of principles governing the participation of employees in the privatization of enterprises]

[FBIS Translated Text] *The Program Declaration of the Government of the Slovak Republic proclaims the creation of ownership structures in which an important share is to be held by domestic businessmen and employees of privatized enterprises. This will increase the degree of material incentives for employees in the economic results of the enterprise, will act to eliminate pressure to increase wages, and will stabilize the circle of shareholders. This goal can be achieved through one of the most effective methods of involving employees in the process of privatization—through stock corporations established by employees.*

A. Possibilities and Conditions for Asserting Employee Participation in Enterprise Privatization

The goal of involving employees in the privatization of their own enterprise can be achieved as follows:

1) by selling the enterprise or part of it to a commercial corporation established by the employees of the enterprise;

2) by selling employee shares.

a) Sale of an enterprise or part of it to a commercial corporation established by the employees of the enterprise can, in practice, be realized in two ways:

—By selling the enterprise to a stock corporation established by employees of the enterprise;

—By selling the enterprise to another commercial corporation established by the employees of the enterprise (for example, to a corporation having limited liability).

An employee commercial corporation is a corporation established by the employees of an enterprise with the goal of purchasing the privatized enterprise or its portions. Its legal form is a stock corporation. In essence, this involves the direct sale to previously identified interests—that is to say, to employees who, through their purchase, establish a commercial corporation and acquire the privatized property on credit provided by the monetary institution that they pay off out of the proceeds of the corporation.

They break down the basic capitalization of the corporation into shares of which the nominal value, method of acquisition, and distribution are laid down in the corporate statutes. Through a suitable distribution of the number of shares among top management, middle management, and rank-and-file workers, it is necessary to solve the problem of directing the corporation in such a way as to prevent the dispersion of decisionmaking authority among a broad circle of shareholders. As is the case with other methods of privatization, the Ministry for the Administration and Privatization of National Property of the Slovak Republic will also evaluate the proposal to privatize in the event that state property is sold to a stock corporation established by employees of the enterprise.

In its decisionmaking process, the ministry will also focus on, among other things, evaluating whether this form is suitable with regard to the requirements for restructuring and the resulting impact on reducing the number of employees, or whether the corporation has

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adequate prerequisites for flexible management with respect to the number of shares distributed among management and rank-and-file employees, the purchase price, payments conditions, and other conditions.

This method is suitable for use in privatizing an enterprise that has a significant volume of property and a significant number of employees who, in view of their numbers, are capable of using their own monetary deposits to create the basic capitalization for the corporation at the level specified by law (1 million Slovak korunas [Sk]).

Selling the enterprise to another commercial corporation other than a stock corporation can be utilized in cases in which the employees of the privatized enterprise employing a smaller number of workers (up to 50) set up, for example, a corporation with limited liability and subsequently, as an employee commercial corporation, apply to buy the enterprise in which they are employed.

b) Sale of Employee Shares

Employee shares are a special type of registered shares that act as a special instrument to document the material interests the employees of the stock corporation have in the economic results of the enterprise. Their special status consists of the fact that to differentiate them from other types of shares, special regulations mainly govern their issuance, the manner in which they are paid for, their acquisition, and the manner in which they can be disposed of. The procedures in acquiring employee shares, their transfer to another person, or their possible return to the corporation are outlined in the statutes of the corporation. Their special characteristic also lies in the fact that the Commercial Code limits the circle of their acquirers. Such shares may be owned only by employees of the corporation or employees who have retired from the corporation. Another characteristic of employee shares is the restriction placed upon their tradability. The law only allows their transfer among employees and retirees of the corporation.

The fundamental advantage of employee shares lies in the fact that an employee or a retiree need generally not pay the full nominal value of the shares, but only a portion thereof. Consequently, the issuance of employee shares for which employees pay only part of the nominal value results in the basic capitalization of the corporation's being actually lower than stated by the unpaid portion. The share of employee shares in the basic capitalization of the corporation is not specified by law, but in the event that these shares enjoy an advantage as a result of employees' not being required to pay for parts of them, the overall value of the unpaid portion of employee shares is limited. The cumulative total of these portions of the nominal value applicable to all employee shares not subject to being paid for must not exceed 5 percent of the basic capitalization of the corporation.

In issuing employee shares, the basic capitalization of the corporation is always increased as a result of share issuance when the resources acquired on the basis of the sale of employee shares stay with the corporation that has issued them. The fact remains that, in view of the nature of employee shares, the resources acquired by the corporation on the basis of this sale are generally lower than their nominal value would indicate.

B. The Method by Which Employees of the Enterprise Acquire Property

In all cases listed below as methods by which employees can apply to privatize the property of an enterprise in which they are employed, the basic condition is the establishment and development of a so-called employee commercial corporation that can acquire the privatized property of an enterprise.

a) Sale of a State Enterprise

In the event an enterprise destined for privatization has not yet been transformed, and in the event employees of the enterprise show an interest in participating in the privatization of the property of the enterprise in which they are employed, they shall do so through the trade union organization or by another suitable method.

They shall submit their request to the founder of the state enterprise, who shall judge whether the form of involving employees in the privatization of the enterprise is suitable with a view to the economic situation of the enterprise, and whether sufficient prerequisites exist for the further development and activities of the corporation in question.

With the recommendation of the founder, the employees establish a commercial corporation that will strive to accomplish the sale of the enterprise (the establishment of commercial corporations is listed below).

b) Sale of Part of the Property or Property Share of the State on the Basis of the Suggestion Presented to the Ministry or to the Founder

This is a method in which the privatization project has already been submitted to the ministry but in which the decision to privatize has not yet been made. The commercial corporation established by employees applies for direct sale of part of the property or property share of the state (securities) at a subsequent time. In this case, the Ministry for the Administration and Privatization of National Property in the Slovak Republic considers the delivered suggestion by inviting the commercial corporation established by the employees to complete the

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proposal by complying with additional modalities that are essential for the issuance of a decision regarding the direct sale (for example: an extract from the Commercial Register, a credit commitment statement or financial coverage of the first installment payment, a proposed purchase price, statutes of the commercial corporation).

c) Subsequent Sale of the Property Share (Securities) From the Portfolio of the National Property Fund of the Slovak Republic (FNM SR)

In this case, the commercial corporation established by the employees of an enterprise applies to purchase the shares of a stock corporation that has already been established and was based on the original state enterprise, in which the FNM SR has a temporary property participation arrangement. The commercial corporation shall submit a proposal to the FNM SR to privatize this property share.

C. The Method by Which Ownership Is Developed by Employees of an Enterprise

In accordance with valid laws, employee ownership can arise outside of coupon privatization mainly in two ways: either by having the new owner of the enterprise sell to them (or assign to them) a certain share in the property through the form of securities, or by having the employees establish their own commercial corporation, which, as an equal entity, will participate in the privatization of the enterprise.

The first form has its difficulties, based primarily in the restricted opportunities for employees to share in decisionmaking and in any profits.

The situation is different if the employees become actively involved in the privatization of the enterprise itself (in other words, not in a passive manner as in the previous case). In this case, a suitable way is the establishment of a commercial corporation by the employees (the rank-and-file employees as well as management) for purposes of privatizing the entire enterprise or its portions.

Such corporations have many advantages, among which the following are beyond question:

—The fact that employees become co-owners of their own enterprise, which under conditions of a market economy results in increasing their responsibility for its functioning and for its future prospects;

—The fact that in no event do the employees have any interest in speculating with the acquired property, because they are tied to the enterprise in terms of their existence as well. The same cannot always be said of other owners, where there is a risk that they will shut down the enterprise if the price is right, so as to create room for a competitor;

—The fact that employees who, for the most part, live in the vicinity of the enterprise or commute from the surrounding countryside also have an interest in the economic and social development of the microregion, or rather the region, something that cannot always be said of other owners;

—The fact that by providing the opportunity for involving employees in privatization, as a result of the development of employee co-ownership, the privatization process itself becomes more open; employees are able to verify for themselves that privatization is not a monopoly—even for a specifically chosen group of the population—and exerts a stabilizing influence upon society.

D. Commercial Corporations Established by Employees

With the goal of acquiring ownership of property through privatization, regarding property that is actually a set of values created by employees of the enterprise, employees may establish a stock corporation or another form of commercial corporation on the basis of property shares. For example, they could establish a corporation with limited liability.

1. Procedure in Establishing Employee Stock Corporations

1. A corporation may be established by employees of an enterprise who publish a "Declaration of Intent To Establish an Employee Stock Corporation According to Section 164 and Subsequent Sections of the Commercial Code" by issuing stock certificates for the purposes of privatizing an enterprise or its portions.

This begins the preliminary round of issuing stock certificates, the objective of which is to determine the interest among employees in establishing a commercial corporation and the number of potential certificates to be issued to individual employees. On this basis, a determination can be made as to the amount of basic capitalization. For this purpose, the founders may also issue a "nonbinding application" in which each potential stockholder declares his willingness to participate in the establishment of a stock corporation in a nonbinding manner.

It should be pointed out that the overall value of the basic capitalization must be at least Sk1 million. In the case of employee stock corporations, it is, for the most part, recommended that one stock certificate have a nominal value of at least Sk1,000, with the proviso that one employee should have the right to subscribe

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to a minimum of one stock certificate. Subscribers are obligated to pay for the stock certificates within the deadlines stipulated in the subscription list and are obligated to pay at least 30 percent of the value of the issued stock certificates at the latest by the time the constituent general assembly is to be held.

2. On the basis of the results achieved in the preliminary round, the founders conclude a "Founders' Agreement," which must contain, primarily, the commercial name, information on the headquarters and objective of the business undertaking, the amount of the proposed basic capitalization, the number and form of stock certificates and their nominal value, and the subscribed deposits made by individual founders. If a stock corporation of employees is to be based on an invitation to subscribe to stock certificates, then the founders' agreement must contain the time and place at which stock certificates may be subscribed to, the procedure to be used in subscribing to stock certificates that exceed the proposed basic capitalization, the place and time limit for paying for the subscribed stock certificates, and their value, as well as the method for convening the constituent general assembly. A part and parcel of this agreement are the "Proposed Statutes of the Corporation."

3. The founders shall publish an "Invitation To Subscribe to Stock Certificates," which must contain all data listed in the founders' agreement, and the proposed statutes must be available for inspection at every subscription location. Those interested can demonstrate their decision to purchase stock certificates through a "Binding Application." Stock certificates are issued on the basis of an entry in the "Listing of Subscribers." The entry shall also list the number or type of stock certificate, the value of the deposit, and the information that the subscriber is obligated to pay at least 10 percent of the nominal value of the stock certificates subscribed to within the time limit listed in the invitation.

In the event a subscriber neglects this duty, the subscription shall be considered as being invalid.

4. The corporation is established at the constituent general assembly, which is convened by the founders—the employees. The constituent general assembly can be held only in the event stock certificates in the amount of the proposed basic capitalization have been issued and in the event that at least 30 percent of the nominal value of monetary deposits have been paid. Following the constituent general assembly, at which the principal decision has to do with establishing the corporation, the statutes are approved and organs of the corporation are elected. The stock corporation is registered in the Commercial Register at the appropriate court on the basis of the "Proposal for Recordation in the Commercial Register." The stock corporation comes into being on the day the entry is made in the Commercial Register.

5. A stock corporation created in this manner may participate in the privatization of its own enterprise. Toward this end, it is necessary to work out a special (competitive) privatization project according to instructions issued by the Ministry for the Administration and Privatization of National Property of the Slovak Republic and the founder (perhaps in the form in which it is already in existence and has been submitted to the founder), and submit the proposal for direct sale of the enterprise. The privatization project must primarily contain the identification card of the project; information on the entrepreneurial intentions having to do with the production program, as well as its technological, capital, and personnel prerequisites; a timing plan for realization of the privatization project; a listing of the valuation of the privatized property; the proposed purchase price; the method of privatization to be used; payment conditions in the event property is to be purchased; and the position adopted by the trade unions, by the enterprise leadership, by the founder, and so forth. After working out the project, it is possible to submit the "Suggestions for Sale to the Founder" to the Ministry for the Administration and Privatization of National Property of the Slovak Republic or to the National Property Fund of the Slovak Republic.

At the same time, it is unavoidable that the financial coverage of the purchase of privatized property be secured. Financing of privatization is possible out of available financial resources or through a bank credit. And it is possible to suggest in the privatization project that the property of a privatized enterprise or any portion thereof be purchased by means of installment payments.

6. It is recommended that in establishing employee stock corporations the closest possible cooperation be effected involving the trade union organization and the management of the enterprise, in which the latter should also participate in establishing the stock corporation. Management should be participating in the property owned by the stock corporation of employees to such an extent that it would have the opportunity to actively intervene in the process of decisionmaking regarding questions having to do with the development of the stock corporation.

2. A Corporation With Limited Liability

In justified cases, where the enterprise has a smaller volume of property and employs a smaller number of employees (up to 50) or where it is impossible to establish a stock corporation, the employees can,

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for purposes of privatizing an enterprise, also establish another form of commercial corporation, and do so in a manner identified in the Commercial Code.

Such a corporation is established through the vehicle of a corporate agreement, the content of which is prescribed in Section 110 of the Commercial Code.

The value of basic capitalization of such a corporation must be at least Sk100,000, with the value of the deposit made by a partner being at least Sk20,000.

After coming into being, the corporation endeavors to buy the enterprise by applying the procedures listed in the preceding portions.

E. Criteria and Principles for Selecting the Type of Commercial Corporation Established by Employees Involved in a Direct Sale

The following criteria and principles are applicable in the process of deciding to privatize through the participation of employees in the privatized property involved:

1. The employees establish a so-called employee stock corporation or another form of commercial corporation. Establishment of a corporation that is not a stock corporation can be considered in cases where the enterprise has fewer than 50 employees and is incapable of creating basic capitalization required of a stock corporation in the amount of Sk1 million on the basis of deposits. This other type of corporation (for example, one with limited liability) will not be issuing employee shares even in the future. In other words, employee participation in the privatized property will be expressed by their property share according to the amount of the deposit involved in the basic capitalization of the corporation.

Following a positive decision regarding the privatization of the enterprise, the corporation shall make its first installment payment and will pay for additional portions of the purchase price according to the agreed-upon installment calendar out of its proceeds or through additional credits.

An employee stock corporation can issue employee shares in the future to raise its level of basic capitalization, and can issue employee shares to the extent to which capitalization is to be increased.

2. The basic condition involved in the process of establishing a corporation is the founders' duty to demonstrably make it possible for all employees of the enterprise to share in the deposit made to create the basic capitalization of the corporation and to, thus, acquire stock certificates (or a property share) in the corporation involving the privatized property. Fulfillment of this condition will be guaranteed by the trade union organization in a written position paper that must accompany the privatization project or the proposal to privatize in the form of an attachment. In its position paper, the trade union organization shall, at the same time, announce the number of employees of the entire work force who have become stockholders (cofounders) of the corporation.

3. A corporation that is cofounded by at least 51 percent of the employees of a privatized enterprise is considered to be a corporation established by its employees.

4. Every citizen who, at the time of the establishment of the corporation, is in a principal employment status with respect to the privatized enterprise is considered to be an employee of the enterprise.

5. In selecting applicants for purchasing an enterprise, priority can be assigned to the corporation established by the employees if the issuance of such a decision on privatization is recommended by the founder of the state enterprise and by the trade union organization. In his recommendation, the founder will mainly evaluate the suitability of this solution from the standpoint of current and future economic conditions in society and from the standpoint of the future prospective development of the corporation.

6. A corporation that is established by the management of an enterprise and a corporation whose cofounders are less than 50 percent of its employees is not considered to be a corporation established by the employees of an enterprise. Such a corporation has the same standing in the selection process as any other applicant to purchase a privatized enterprise.

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Horn, EBRD Head Discuss Yugoslav Reconstruction

LD0111133295 Budapest Kossuth Radio Network in Hungarian 1200 GMT 1 Nov 95

[FBIS Translated Text] Hungary supports the intention of the European Bank for Reconstruction and Development [EBRD] to raise its capital and is ready to contribute to it, Hungarian Prime Minister Gyula Horn said in London. Gyula Horn travelled to London for a one-day visit, where today he held talks with President Jacques de Larosiere of the international financial organization. At his talks with Jacques de Larosiere, the Hungarian prime minister reported on his visits to the former Yugoslavia and suggested that the EBRD should participate in financing reconstruction after the war. The head of the bank said they have already started to work on preparing this.

While we are on the air, Gyula Horn is holding talks with British Prime Minister John Major.

Kovacs Makes Requests at EU Ministers' Meeting

LD0111102995 Budapest Kossuth Radio Network in Hungarian 0600 GMT 1 Nov 95

[FBIS Translated Text] At the EU foreign ministers's meeting held in Luxembourg, Foreign Minister Laszlo Kovacs has urged that priority should be given to Hungarian companies in the course of launching Yugoslav reconstruction projects. The foreign minister also referred to the fact that Hungary has suffered a loss of about $2 billion as a result of the economic embargo imposed on Yugoslavia. Laszlo Kovacs has also informed our program on the phone:

[Begin Kovacs recording] It is widely known that the PHARE [Economic Reconstruction Aid for Poland and Hungary] program grants financial resources to EU associate members for preparations for admission to the EU. In addition to an assessment of the PHARE program, I raised three Hungarian requests: one of them is that the EU should try to increase the annual amount of 85 million ECU, which is about $100 million and amounts to less that one percent of the Hungarian budget. The condition for this is that we should prepare better projects and use the money more effectively. In that case, there will be more readiness to increase the money.

I have also asked that decisions should be brought closer to the users, for the aim is that this support should better meet the needs of those who use it.

The third matter is that the transfer of the money should be accelerated, for it takes a rather long time to receive the money, and this imposes a serious financial burden on Hungary, or the Hungarian entrepreneurs concerned. [end recording]

Official Views Possible Purchase of Fighter Planes

LD3110211995 Budapest Kossuth Radio Network in Hungarian 1700 GMT 31 Oct 95

[FBIS Translated Text] After the Swedish offer [of Gripen fighters], Defense Minister Gyorgy Keleti today was gathering information about the U.S. one. Peter Attila Nagy reports on the program of F-16 manufacturers and U.S. defense officials.

[Nagy] According to the Deputy State Secretary Laszlo Borsits, it is an advantage of the U.S. F-16 fighters that they are well-tested, as, so far, 4,000 planes have been manufactured. They have been stationed in seven European NATO states already, Borsits recalled.

[Begin Borsits recording] They are also reliable, economical, and very effective. [end recording]

[Nagy] The deputy state secretary said that the Swedish Saab firm's offer was made attractive by the possibility of a long-term loan. Borsits considers it would be favorable, not only because the Hungarian Government would not have to pay any money for a few years:

[Begin Borsits recording] These offers also contain payment by certain products. [end recording]

[Nagy] Before making a decision next year, the government will also examine, for instance, French Mirage planes. It is, however, unlikely that the army's old fighter planes will be replaced by Russian ones, the deputy state secretary said.

Keleti Discusses Changes in Army Leadership

AU3110141495 Budapest MAGYAR HIRLAP in Hungarian 27 Oct 95 p 1

[Report on interview with Defense Minister Gyorgy Keleti by unidentified correspondent; place and date not given: "Generals Without Uniform"]

[FBIS Translated Text] The Defense Ministry is preparing for the most comprehensive change in leadership in recent times. Mostly West European academy graduates and ambitious officers will come forward, so the "generation change" will not cause even a temporary disturbance in the functioning of the Hungarian army, Defense Minister Gyorgy Keleti told us, and added that Hungarian army commander Colonel General Janos Deak will be 55 in the second half of 1996. Lieutenant Gen. Sandor Nemeth, chief of Staff of the Hungarian army, will also retire in 1996. Defense Ministry officials want to continue the previous practice, and they do not want to stop anyone from retiring.

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In accordance with the parliamentary decision on reorganizing the Hungarian army, the army's Command and General Staff will be merged together. Thus, the chief of General Staff will also lead the army. The future leader will be selected from candidates who also studied at some West European or U.S. military academies, in addition to the Russian one. Major Gen. Ferenc Vegh, commander of the 3rd military district, was recently relocated into the General Staff to prepare these changes. Gyorgy Keleti refused to confirm that Ferenc Vegh is the candidate with the best chances for the position of army commander and chief of General Staff.

We learned that, after his retirement in November, Maj. Gen. Jozsef Feher, public administration state secretary, will fulfill this position as a civilian public employee, just like his deputies, Maj. Gen. Karoly Janza and Maj. Gen. Csaba Liszkay. Maj. Gen. Tibor Szegedi, head of the Air Defense Main Department, will continue his activity as Defense Ministry chief adviser, and he will coordinate the planned development of air defense.

Gyorgy Keleti stressed that none of the generals will be forced to take early retirement. All of them will have achieved 37 years of service, and everyone has been consulted before the decision.

A group of generals will retire in early December at a leaders' conference, and the personnel changes planned for 1996 will probably be announced on this occasion.

Minister Views Privatization Prospects, Tasks

AU0111122495 Budapest NEPSZAVA in Hungarian 28 Oct pp 1, 5

[Interview with Privatization Minister Tamas Suchman by Sara Pogany; place and date not given: "Final Account at the End of the Year"]

[FBIS Translated Text] [Pogany] In your view, is the latest Nomura report on Hungary justified, according to which the planned 150 billion forints [Ft] might, nevertheless, flow in the state coffers this year?

[Suchman] I do not want to deal with the privatization incomes now. I will report on this on 31 December. Privatization has clearly accelerated: At least 30-40 foreign investors turn up daily at the headquarters of the State Privatization and Asset Management Corporation Ltd [APV Rt]. We have succeeded in achieving considerable results lately, again as a result of the new privatization law, namely, that we take into consideration the employees' interests at the signing of the contracts, and we also include these interests in the contracts. I find it a quality step that the state dares to use its right as a signatory to the contract. Naturally, this also gives the state responsibility regarding the potential investors. What I mean here is that we must provide up-to-date data on the enterprise in question, and the deadline given should be kept in deciding on the various tenders but, naturally, this does not exclude careful consideration. You must have noticed that decisions on tenders have accelerated lately.

[Pogany] What about the privatization of the five big firms? To what extend will the warning strike at the Paks Nuclear Power Station affect the rather tense privatization pace in the electric energy sector?

[Suchman] The privatization of the five big firms is advancing at a good pace and it is keeping with the deadline. According to our original intention, we would like to reach a decision in the first round but, if a price competition develops from which we can expect more income, we will probably hold a second round.

The recent warning strike in the electric energy sector or similar actions in other industrial sectors do not affect the pace of privatization, but they do not benefit it either.

[Pogany] Cash payments dominated the recent privatization deals, and it seems that payment with compensation bills is again losing ground. Can we expect any change here?

[Suchman] The selling of the announced portfolio worth about Ft9 billion is advancing steadily. After the Eravis, the APV Rt will form a new package.

[Pogany] Strange rumors have emerged in connection with various press privatization issues. For example, the French tender for Antenna Hungaria has already been declared invalid, or it will be declared invalid, because it has already been promised to Janos Hajdu, the former chief editor of THE WEEK, who is now parliamentary deputy of the Hungarian Socialist Party [MSZP] and would like to become owner together with his former colleague Istvan Sandor. What is the truth?

[Suchman] I have not heard this, but I must firmly stress that, as long as I am in charge here, no one should have any illusion regarding a possible violation of the laws. On the one hand, we have the privatization law, the organizational and operational statute of the APV Rt, and this always binds us. According to the regulations, we can sign honest and advantageous transactions in the name of the state. This also refers to Antenna Hungaria, and the evaluation of the incoming proposals is currently under way.

[Pogany] The issue of the daily MAGYAR NEMZET has been going on for quite some time. When will you sell the paper? Allegedly, there are a lot of candidates.

[Suchman] The Directorate decided on the ways of selling the paper at its latest meeting, so MAGYAR

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NEMZET will be sold in the framework of an accelerated privatization. I can confirm the rumors about the competition and, without naming the potential investors, I can say that two foreign investors are competing for MAGYAR NEMZET, investors with considerable Hungarian connections, as well as two Hungarian investors. We will sell MAGYAR NEMZET for cash, and we will also determine the limit price. We might issue the tender as early as next week; until then, we are holding regular talks with the four investors. Who offers more will be decisive in the competition but, in accordance with my previous promise, it will also be important who can adequately restore this venerable newspaper from a professional viewpoint.

[Pogany] There is big silence around the Polygram-Hungaroton issue.

[Suchman] I recently spoke with one of the heads of Polygram and with the Dutch ambassador. At their request, I agreed to sit down and negotiate with all the people involved to solve the debated issues peacefully and as quickly as possible. My everyday work totally used up all my time, but I see possibilities for continuing the talks in the near future.

[Pogany] What about the privatization of Budapest Bank?

[Suchman] The examination of the bank continues and, in accordance with the agreement signed with GE Capital, I cannot say anything until the investigation is over.

[Pogany] Rumors continue to persist according to which, although the relations are good between the professional departments of the Finance Ministry and the APV Rt, one cannot say the same about the working relations between you and your colleague, Finance Minister Lajos Bokros. These rumors are strange, all the more so because both of you enjoy the confidence of Prime Minister Gyula Horn. What is the truth?

[Suchman] I repeat that I fully agree with the finance minister's economic concept, and I also maximally support his stabilization program. I am convinced that there is no other alternative: solving the budget and state administration problems and putting Hungary on a path of economic growth are priority tasks. The debate that might emerge between us derives from the fact that, for me, the implementation of this economic policy is closely connected with its social acceptance. For me, this is a moral issue. These are basically social issues and I regard the assertion of such issues as extremely important. I am convinced that both of us will benefit from looking at this problem in its own dialectics.

National Assembly Amends Foreign Exchange Bill

LD3110222595 Budapest Kossuth Radio Network in Hungarian 2100 GMT 31 Oct 95

[FBIS Translated Excerpt] Foreign exchange control, which was in effect for more than 60 years, has ended for good. Forints can be freely exchanged beginnign 1 January 1996. Andras Kerekes and Tamas Luigits report from today's session of parliament.

[Kerekes] With more than 85 percent, the National Assembly has adopted the amendments to the foreign exchange bill. The final vote will be taken next week. [passage omitted]

Businessmen and the population will be able to arrange their current account transactions without restrictions. An official foreign exchange permission will be still necessary for capital transactions. The population's annual foreign exchange allocation of $800 will remain unchanged. Natural persons can buy convertible currency with their bankcard or nontransferable passbook.

[Luigits] This latter was an amendment proposed by the Economic Committee. [passage omitted]

[Kerekes] The National Assembly also took a vote on the amendments to the customs bill. Foreign investors will not be able to bring in their means of production tax-free as contribution in kind. This used to be disadvantageous for Hungarian businessmen because they did not have possibilities of this kind. It had happened that foreign companies brought in finished products undermining Hungarian enterprises' markets. That is how Laszlo Akar, political state secretary at the Finance Ministry, explained the change.

[Luigits] The new customs law will become effective four months after its promulgation, sometime in the middle of March 1996.

The Hungarian Treasury, however, will start its operation at the beginning of January 1996. It was also the Finance Ministry's State Secretary Laszlo Akar who submitted an amendment to the law on state finances in order to create the Treasury. There will be no more general provisions from the budget, and financing systems on separate bank accounts will also end. As a result of savings in interests and revenues accruing from interests, the state finances' additional revenue may reach several billion forints, Laszlo Akar said.

[Kerekes] Amendments to four tax laws and an amendment to the law on taxation were also submitted to the National Assembly today. The aim of the amendment to the corporate tax law is to boost investment and exports, and to encourage the protection of environment.

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At the same time, the taxable profit will be larger and the deduction of costs will become stricter.

The consumption tax on crude oil products and luxury products will be raised by 15 percent on average. Allowances for students and pensioners will be reduced; that is to say the price of season tickets will be raised. The upper limit of trade license fees will be raised, so that local governments will have a real opportunity for discretionary decisions. Car taxes will also be raised, but electric and exclusively gas-fueled vehicles—similarly to cars equipped with a catalytic converter—will enjoy a 50 percent allowance.

The new personal income tax regulations will be submitted to the Natoinal Assembly at a later date.

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Bosnian Army Commander on Truce, Croat Cooperation

AU3010180095 Sarajevo FOCUS in Serbo-Croatian 17 Oct 95 pp 7-9

[Interview with Army General Rasim Delic, commander in chief of the Bosnia-Herzegovina Army, by an unidentified FOCUS correspondent; place and date not given: "Although It May Appear as if Croatian Forces Have Prevented the Linking Up of the 5th and the 7th Corps, This Is Not True!"]

[FBIS Translated Text] Rasim Delic, chief of the General Staff of the Bosnia-Herzegovina Army, has had both successes and failures since he took command of the army, only to see that in recent months the Bosnian armed forces have achieved a serious military turnaround and have taken the strategic initiative on the Bosnian front. Those who know Gen. Delic say that he is indefatigable in carrying out duties that are expected of the chief commander of the Bosnia- Herzegovina Army. Certain circles are inclined to label him a "Bonaparte" because of some of his public statements, but it still seems that he is far from being this and it is not entirely incorrect to call him a man of the system.

[FOCUS] Mr. Delic, in addition to our compliments on what the Bosnia-Herzegovina Army has accomplished recently, the first question that we would like to ask you has to do with your assessment of the successes that the Bosnia-Herzegovina Army has accomplished so far up until the cease-fire.

[Delic] I have to say that these are the greatest successes of the Bosnia-Herzegovina Army, the result of its cumulative maturing and certain moves that have been made in the past three years. In addition, one has to take into account the weakening of the [rebel Serb] aggressor's morale and capacity. It is also the result of the Split Agreement on the involvement of the Croatian Defense Council (HVO) and the Croatian Army to a degree, as well as of some international circumstances. It is certain that the international pressure applied on the Serb aggressor in the form of air strikes carried out by NATO air power against the Serbs' infrastructure has been partly responsible for the fall in the morale of the Serb army.

But, all in all, the greatest credit is to be given to the soldiers of the Bosnia-Herzegovina Army. In the last month the Bosnia-Herzegovina Army has liberated 8 percent of our country. Including the actions taken by the HVO, it amounts to more than 10 percent of the territory of the republic of Bosnia-Herzegovina, which is significant not only in terms of freeing the occupied territory, but also in terms of creating the conditions for normal life there. Communications have been opened toward western Bosnia, that is, the region of Bihac. The Federation, that is, the free part of Bosnia-Herzegovina, has assumed the form of a real state.

If you look at the map of the free part of Bosnia-Herzegovina, you will see that it is a compact territory, with the exception of Gorazde, unfortunately.

[FOCUS] There has been obviously a big turnaround in the situation.

Free Territory Is Larger Than Stated

[Delic] Yes, the Serb aggressor is now being squeezed in Krajina and such a twist is certainly favorable and useful. But what is most important is that advantageous conditions have been created for our negotiating delegation in the search for a peace settlement for Bosnia-Herzegovina. Now we are in a much more favorable position than before.

However, regardless of the desire of all of us that the Bosnia-Herzegovina Army and the HVO liberate the entire Bosnia-Herzegovina, such an option is still unrealistic.

[FOCUS] Can it be said that the international community is preventing the Bosnia-Herzegovina Army from liberating the whole of Bosnia-Herzegovina?

[Delic] You see, what is certain is that the international community does not want a victor in this war. If the advance of the Bosnia-Herzegovina Army were to continue, the international community would certainly find a way to halt it. That is one circumstance. The other is the possible direct involvement of Serbia and Montenegro in the event of even greater territorial losses sustained by the Serb aggressor in Bosnia-Herzegovina.

Of course, it is well known who is the real architect of the aggression against our country. But there is another significant point. If the question of Bosnia-Herzegovina's freedom is possible to resolve at a negotiating table, then this option is more acceptable because we are a small nation and do not have too much manpower to waste. At the moment it appears that all the necessary conditions have been created to resolve open questions by political means. After all, all wars are ended by peace agreements.

[FOCUS] According to our estimates, Sansk' Most was freed 26 hours before the current cease-fire came into force, which, it appears, has made possible further offensives and liberation of territory. The media, however, have not reported this. Does it mean that no such thing has happened or merely that it has not been reported?

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[Delic] At the moment, the situation there is not peaceful. It is necessary to establish the continuity of the defense lines of the Bosnia-Herzegovina Army in the first place. In addition, we have to check whether there are any small pockets of the aggressor's army that have remained back there, which is quite possible. Of course, it is very important to establish a monitoring mechanism over the new cease-fire. We, of course, cannot allow interpositioning or demarcation between our and the aggressor's troops. We can secure other mechanisms, those of monitoring, surveillance, and pressure aimed at maintaining the cease-fire.

Let me draw one conclusion: Although it has not been reported by the media, the free territory is larger than has been stated.

[FOCUS] Minister Muratovic stated after the signing of the cease-fire that he hoped it was the last day of the war in Bosnia-Herzegovina. Do you think as a soldier that, after the expiration of the two-month cease-fire, there will be no more fighting in Bosnia- Herzegovina?

We Are Capable of Carrying Out Rapid Maneuvers

[Delic] He certainly said that as a politician, and I would like him to be right because of my soldiers, whose lives and health are in danger every day on the front line. It is obvious that never before have we had such a serious cease-fire and such strong pressure from the international community, particularly the United States, aimed at bringing about peace. Whether it will come about I do not know. It is a matter for politics and the politicians. During that time, however, the Bosnia-Herzegovina Army must not behave as though in peace-time.

[FOCUS] You have recently stated that the Bosnia-Herzegovina Army will not be hibernating this winter.

[Delic] For us the war will last as long as peace is not fully restored. We shall observe the cease-fire because we have been ordered to do so, but we shall certainly react to any provocation or attack by the aggressor and will be ready to retaliate. We want our negotiators and the state leadership to succeed in obtaining a just settlement; however our experience from the recent past, that is, the time since World War II, shows that the army had a lot to do even after the peace had been officially signed.

I might remind you that the last chetnik after the official end of World War II in former Yugoslavia was caught in 1957. Therefore, the Bosnia-Herzegovina Army will have many things to do, in one way or another, even further. So we must not behave, or think, at any time as if it were peace-time.

[FOCUS] To go back to the region and issue of western Bosnia, because it is very topical both from the military and the political points of view, at one stage in the past month the Serb aggressor did manage to stage a counterattack, but he met with a sort of blitz carried out by our army. What actually happened?

[Delic] You know that precisely at that time I was visiting the region, together with other members of our General Staff. The Serb aggressor attempted to retake the newly liberated territories, all the way up to Bihac, in a counterattack that I, as well as the international community, had already expected might happen. The enemy brought in forces not only from Bosnia-Herzegovina, but also from Serbia as well. But we reacted instantaneously.

By a very speedy maneuver we dispatched elite troops from other parts of Bosnia-Herzegovina to the Bosnian Krajina region.

[FOCUS] Do such actions reflect all the advantages of the compactness of the territory under the Bosnia-Herzegovina Army's control?

[Delic] Yes, precisely so. As I say, our elite units are stationed in the region now. There is part of the 7th Corps led by the corps commander and of the 17th Krajina-Vitez Brigade. Furthermore, there is the Guard Brigade of the General Staff, as well as the Black Swans [commando unit] and some other units from other corps. Thus we managed in a single day and by a vertical maneuver to dispatch units of our best fighters, comparable to a brigade in terms of manpower, to Krajina region. In this way the enemy's offensive was halted quite quickly, after which we launched a counteroffensive.

[FOCUS] What is the situation like in the hinterland? Is the Bosnia-Herzegovina Army drawing near to Prijedor? What is happening with the Ljubija iron ore mine and what is the situation like in Omarska [formerly Serb-run concentration camp, recently used as a reception center for displaced Serbs] and Manjaca?

Tacit Agreement on the Part of the International Community

[Delic] Our units, in cooperation with Croatian forces, have broken through toward Manjaca, but they are not yet on the Manjaca plateau itself. Basically, the aggressor's forces have withdrawn from Mrkonjic Grad and Kljuc. We are close to the Ljubija mine and are only several kilometers from Sanski Most. Our troops have been advancing northward, that is, toward Bosanska Otoka, as well. In that way the Serb aggressor is being threatened in Bosanski Novi and Prijedor as well.

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[FOCUS] The foreign media are already reporting that Bosanski Novi is under the Bosnia-Herzegovina Army's control.

[Delic] No, it is not. Bosanski Novi is not under the Bosnia-Herzegovina Army's control. It has been stated many times by those same sources that Kljuc is under the control of the Serb aggressor; however later that information proved to be inaccurate. Nevertheless, that the chetnik lines are in total disarray in Prijedor, as well as in Bosanski Novi, is quite evident.

[FOCUS] There are reports that U.S. negotiator Richard Holbrooke has finally drawn up the map for the internal demarcation of Bosnia-Herzegovina, according to which the entire territory of Krajina apart from Banja Luka belongs to us. Has the cease-fire prevented the Bosnia-Herzegovina Army from drawing up this map on the ground as well?

[Delic] In my opinion, which does not mean that it is so, Banja Luka is considered by the international community to be a threshold beyond which we must not go. As for other areas, in that respect there has been a sort of tacit agreement on the part of the international community. On the other hand, the current cease-fire has come rather quickly and this is primarily due to international pressure, because the Serb aggressor has almost collapsed.

[FOCUS] The AVNOJ [Anti-Fascist Council of National Liberation of Yugoslavia] route is now definitely under the control of the Bosnia-Herzegovina Army. What are the chances of transporting Bosnia-Herzegovina Army units by that route from central Bosnia to the Bosnian Krajina, and are there any obstacles made by the Croatian side?

[Delic] Here it has to be stressed that by joint efforts much better results are being achieved than by unilateral actions that lack coordination. The results jointly achieved so far are a result of well-planned activities by the Bosnia-Herzegovina Army, the HVO, and the Croatian Army. Even in the latest operations before the cease-fire the plan was that the Croatian forces should liberate Mrkonjic Grad, while the Bosnia-Herzegovina Army should take Sanski Most and press on as far as it can. The joint efforts in the conditions in which they were made have functioned quite well. The fact is that the Bosnia-Herzegovina Army would not have been able to react if it had not been made possible for it to pass through territories under Croatian control. Of course, there must be a agreed procedure, because it concerns the passage of armed formations. It is not the same as when a civilian car passes through.

As for the AVNOJ route, you know that we control it almost as far as Mrkonjic Grad, while its second part is controlled by the HVO. It is a matter of political agreement within the Federation that this particular route should be made passable for both military and civilian traffic.

[FOCUS] Ever since the Washington agreement one of the crucial questions in the implementation of the Federation is the establishment of joint armed forces. To what extent can the latest joint military successes and the pressure applied by friends of the Federation in that regard influence the final organization of the joint army of the Federation of Bosnia-Herzegovina?

How To Form a Unique Army

[Delic] In that respect the pressure applied by the friends of the Federation certainly exists. Tomorrow (14 October 1995) General Shalikashvili, the U.S. joint chief of staff, who will probably bring up that question as well, is coming to visit us. Gen. Shalikashvili often visits Bosnia-Herzegovina, endeavoring to speed up the process of establishing the Federation army here.

As for the Bosnia-Herzegovina Army and myself personally, we are certainly interested in the armed forces' being unitary. In my opinion, such a solution is possible and can be found. At the moment there is reluctance on both sides. On one side, there is the fear that, by reducing it to a federal framework, the blade of the Bosnia-Herzegovina Army's efficiency will become dull. Its very name makes it clear that it is republican and as such legitimately in charge of the entire territory.

It is a historical fact that no state so far has had two armed forces rather than one. That is the only model in the world today. Our Croatian political partners in Bosnia-Herzegovina demand that two components, namely the HVO and the Bosnia-Herzegovina Army, exist within the armed forces of the Federation. Reportedly, because of possible supremacy and one side gaining a majority.

[FOCUS] That would be not just one army.

[Delic] Yes, you are completely right on that point. I think that after the talk with the Americans and General Sewell it is clear that in the future one should expect a unified armed force. It is certain that new mechanisms are to be found, in order not to experience a new Yugoslav People's Army or to prevent anybody, in view of the number and amount of influences, from experiencing any nasty surprises.

[FOCUS] Mr. Delic, one question on the media: Do you, as chief of the General Staff of the Bosnia-

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Herzegovina Army, have any complaints about the media presentation of its successes?

[Delic] In that sense in all of the media there are certain errors that I have been pointing out for three years. I refer to the way in which the successes of individuals or part of the Bosnia-Herzegovina Army are represented. The price we have sometimes had to pay for that in the past has been quite high.

Indeed, the greatest successes have been achieved in the theater of operations of the 5th Corps of the Bosnia-Herzegovina Army. However, personal contributions will have to wait to be judged by history. I know best of all the contribution of each of my commanders. To us it is important that the Bosnia-Herzegovina Army liberates as much territory as it can and we often have to put up with the negative effects of some information that reaches the public.

For instance, the liberation of Sanski Most. The first reports were that this had been effected by the 5th Corps, whereas we have in that region many units that are not part of the 5th Corps at all. People are then embittered because only the 5th Corps is mentioned. Or, for instance, when Mt. Vlasic was liberated, the 7th Corps spearheaded the attack, while the Guards Brigade of the General Staff got stuck in the snow for 48 hours and we had a lot of freezing people there. Why were not they mentioned as well?

Therefore, reports that joint units of the Bosnia-Herzegovina Army in the theater of operations of this or that corps have achieved some results will most probably not offend anybody.

[FOCUS] We can agree with your assessment and opinion for the most part, but differences still ought to exist and do exist. According to our assessment, the 4th Corps is lagging behind the other corps. There must be a logical explanation for this and an internal army analysis.

[Delic] Information about successes and failures ought to be measured. I am not implying that it should be said that a result has not been achieved when it has. But the information is supposed to promote the Bosnia-Herzegovina Army in the first place and in that context I am talking about it being measured. We cannot invent achievements when there are none; that is out of question.

We have a particular situation in the theater of operations of the 4th Corps for various reasons. The entire climate in that region is different, which dates back to the time of the conflict with the HVO. We have the least manpower there. The theater in which the 4th Corps operates is rather narrow. There we have not had yet joint activities of the Bosnia-Herzegovina Army and the HVO.

We have jointly to create conditions to be able to achieve more. I can responsibly maintain that in the theater of the 5th Corps the best results have been achieved, as has been continuously the case in the theater of operations of the 7th Corps as well. Great successes have been achieved by the 2d and 3d Corps, which have broken the backbone of Chetnikhood on Mt. Ozren.

[FOCUS] Have the Chetniks there been definitely crushed?

[Delic] The greatest part of Mt. Ozren is now under the Bosnia-Herzegovina Army's control. Basically, as the operation draws to an end, which has been interrupted by the cease-fire, the resistance of the aggressor intensifies. The front is shrinking, the space is narrowing, and thus the concentration of enemy troops is increasing.

[FOCUS] In the latest operations conducted by the Bosnia-Herzegovina Army, two of its distinguished commanders have been killed, namely Zaim Imamovic and Izet Nanic. How is an optimal presence of commanders at the front lines to be found?

Closer to or Farther From the Front Line

[Delic] We, as an army, are in a very specific situation. We have developed over the past three and a half years, and in conditions of war. From the very outset, there was a necessity and need to have our commanders at the front lines together with their soldiers. This has both negative and positive repercussions. The negative side is that they are getting killed. It is probably unprecedented in the history of warfare that commanders of an army, starting with myself, are experiencing war at such a close proximity. While staying in the region of Bihac recently, I could have been killed three times directly at the front.

But there is simply the need to have a direct insight into the course of fighting and the soldiers like and appreciate that. That is an additional stimulus to their morale. On the other hand, it is negative that they are getting killed and that has a negative impact on soldiers' morale, because it is very difficult to find people capable of leading other people. It is not a quality that every individual has.

It is necessary to find a compromise between these two things. Of course, a personal example set by a superior is very important. Our only motivation is to liberate our country.

[FOCUS] Do you have any information on how many officers you have lost so far in direct fighting?

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[Delic] Unfortunately, over the last year alone we have lost more than 700 officers, from the level of platoon commander onwards, which is a great number. Sometimes I have problems with corps commanders as well, not only with the commanders of divisions, who are involved in direct fighting. You may know that our General Dudakovic could have been killed twice.

[FOCUS] Is there any truth in the rumors spread by the aggressor that he was seriously wounded recently?

[Delic] That is nothing but sheer chetnik propaganda. It was just a ricochet and you may have seen a sticking plaster on his forehead. But earlier there had been dangers and on one occasion his aide got killed in a car that ran over a mine. The driver was also killed, but Dudakovic luckily survived.

The body of Brigadier Delic, commander of the 2d Corps, is full of shrapnel as well. General Alagic [7th Corps commander] has also been in dangerous situations several times, and so forth. Still, if one has to choose between having commanders closer to or farther from the front, our choice is certainly the former.

[FOCUS] We know that we should end this conversation, but there is just one more question that we would like you to answer, because of the public and because of yourself. Some of the local media refer to you as a personification of the so-called Visoko lobby. Is that true?

In Visoko We Have a Good Logistics System

[Delic] When speaking about articles by some journalists, my opinion is that the results will show anybody's contribution. An assessment by a journalist may be a personal view that is not based on any fact. There are certain arguments that I or the army cannot draw upon at the moment. I can do that at meetings, where raising such arguments is demanded by the Presidency or the Assembly. So it happens that half-truths are circulating, like the one about the so-called Visoko lobby.

What actually happened? At the beginning of the war, following the decision of Efendic, the then chief of the General Staff, who was closest to Sarajevo, several officers of the then Territorial Defense, and now the Bosnia-Herzegovina Army, left the city. They were supposed to organize resistance in other parts of the country, form units, and do anything that could be possibly done for Sarajevo in other parts of Bosnia-Herzegovina.

Apart from myself, there were Zorlak, Buljubasic for a certain time, Dzambasovic, Suvalic, who arrived from Zenica, Polutak Mustafa, and so forth. I may have missed somebody out and I hope he will not be angry with me. All of those people are top expert personnel.

At the time I had probably the broadest authority in the free territory of Bosnia-Herzegovina, given to me by Efendic. There, in Visoko, we established a good logistics system that subsequently developed and has become one of the major ones for the Bosnia-Herzegovina Army. I do not think that we are to blame because other similar systems have not developed in addition to this one. At the time it was all the same to me where I was. They could have just as well have sent me to Zenica to do that job. In that case it would have probably been a Zenica lobby, if the same people had gathered there.

[FOCUS] Can one now talk about very similar strategies of the use of forces of the Bosnia-Herzegovina Army, the HVO, and the Croatian Army? What are the differences in the strategies?

[Delic] The strategies of the use of forces of those formations is not similar, because it is about a different degree of technical capacity. The Croatian Army and the HVO are far better equipped and have a capacity to pierce the defense line with massive gunfire and then to make use of the results achieved. The Bosnia-Herzegovina Army, however, is still not able to do that from the technical point of view. Among other things, our ammunition is limited, which makes it impossible for us to carry out such actions. Therefore, our concept of warfare is further based on the choice of focus, form of maneuver, reinforcement, penetration, shifting the focus from one direction to another, and keeping up activities on the entire front of Bosnia-Herzegovina.

The Serb aggressor cannot resist this. I would be happy, and I shall work on that, to further this enterprising side of our army.

[FOCUS] Did the Croats prevent by their latest activities the linking up of the 5th and 7th Corps of the Bosnia-Herzegovina Army?

[Delic] Basically, the operation of the liberation of Jajce was precipitous in a way. There was no detailed talk or agreement, so it emerged that the Croatian Army and the HVO were preventing the 5th and the 7th Corps linking up. We, that is, the Bosnia-Herzegovina Army, had only 32 hours to prepare the operation. I had to make a decision very quickly. And the decision was to launch the operation. Given such a short time, we were not able to coordinate actions with the Croatian Army until it was all over.

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UBHSD Head Interviewed on Cease-Fire, Karadzic

AU3110144195 Sarajevo VECERNJE NOVINE in Serbo-Croatian 18 Oct 95 p 6

[Interview with Sejfudin Tokic, deputy chairman of the Union of Bosnia-Herzegovina Social Democrats, UBHSD, by Eldin Karic; place and date not given: "Attacks on Journalists — the Beginning of Totalitarianism"]

[FBIS Translated Text] [Karic] Mr. Tokic, you were in Perugia, a city known for many peace initiatives, and in which every year mass peace demonstrations take place. You had contacts there with members of the so-called independent group of the Pale parliament. What are your motives and impressions after talking with them?

[Tokic] The basic motive of our contacts with the independent delegates of the Pale parliament, which have been kept for almost a year, is to find an alternative to the criminal and nationalist regime of Karadzic. We believe that without the political alternative it will not be possible to accomplish processes in those regions in which all of us are interested, which is the normalization of life, the restoration of interethnic trust, and consequently the reintegration of the republic of Bosnia-Herzegovina. During the meeting with the delegation of the Forum of Democratic Alternative [FDA] three principles were adopted, which all the members of the Forum have endorsed. Those principles are: preservation of the integral republic of Bosnia-Herzegovina, unconditional bringing to justice of all war criminals, and the return of all refugees.

[Karic] The statement issued by the FDA demanded that the international community support the independent media in the entire territory of Bosnia-Herzegovina, which advocates the establishment of peace and interethnic tolerance. What is the situation like, in your opinion, with regard to freedom of the press in Bosnia-Herzegovina?

[Tokic] In the territory occupied by Karadzic's forces any sort of independent media or press is out of question, because anybody there who thinks in a different way is physically endangered. The situation in the territories controlled by the Bosnia-Herzegovina Army and the Croatian Defense Council [HVO] is below any standard, and it is unacceptable that the Interior Ministry [MUP] has not resolved any of the three cases of assault against the media (demolition of Studio 99, murder of the editor in chief of Radio Zavidovici, and physical assault against journalist Mate Bikic). Such incidents make a very unfavorable impact on the reputation of Bosnia-Herzegovina in the world, and the authorities should take care of that. We view such incidents as the beginning of a totalitarian regime that shrinks from nothing to silence those who think differently. We, as a party, will demand that this issue be discussed at the next assembly meeting.

[Karic] What are the chances that the current truce evolves into a lasting peace?

[Tokic] We believe that the current ruling structures will not be able to restore peace, that is, to restore interethnic trust, or to make it possible for refugees to return.... Just imagine what the chances are for refugees to return in the territories under Karadzic's control!

[Karic] Who do you think is capable of transforming the current cease-fire into a lasting peace, and what is the role of the Union of Bosnia-Herzegovina Social Democrats [UBSD] in all that, since the peace process anticipates direct elections throughout Bosnia-Herzegovina?

[Tokic] The chances of the democratic alternative are considerably greater without the war, and for that reason in all our talks we have always supported the peace process. These days the UBSD has urged all multinational parties to demand the adoption of a new law on elections. In that way we would prevent the ploys we had when the three national parties formed a coalition that enabled them to win, and that eventually led us to war.

[Box, p 6]

[Tokic] In addition to the general accord that war criminals must be punished and the fact that Karadzic must end up in The Hague, because any other solution would lead to continuation of clashes, we assess that the current authorities in Bosnia-Herzegovina, headed by Alija Izetbegovic, are hardly capable of accomplishing the political reintegration of Bosnia-Herzegovina. Of course, we are not drawing a parallel between those two things in any way.

[Box, p 6]

[Tokic] The cessation of clashes is not the result of willpower, but it is rather the result of a dictate on the part of the international community that is resolute to accomplish that which is guaranteed by the deployment of 50,000 NATO soldiers and that has placed Bosnia-Herzegovina under a sort of international protectorate. Nevertheless, I am an optimist.

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News Conference on Federation

AU3110161695 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 31 Oct 95

[Report by unidentified correspondent on an UBHSD news conference in Sarajevo on 31 October — recorded]

[FBIS Translated Text] The UBHSD [Union of Bosnia-Herzegovina Social Democrats] insists on the speedy implementation of the Federation, which, according to Nermin Pecanac, is still at the negotiating stage. The party considers this very harmful for relations between the Bosniak and Croatian people.

The undefined relations between the Party of Democratic Action and the Croatian Democratic Community [HDZ] are the cause of all the problems in this sphere. The proposal to separate the Republican and Federal Governments will additionally slow down this process. In addition, the lack of goodwill for solving problems is evident. More and more papers are being produced and new deadlines set.

The new balance of power in the parliament of the Republic of Croatia will undoubtedly affect the process of setting up the Federation. The attempt by the HDZ to secure a two-thirds majority through early elections has not succeeded. This was stated by UBHSD Vice President Sejhudin Tokic.

Instead, the opposition has won Zagreb and other major towns. The UBHSD assesses positively the results of the elections in the Republic of Croatia, especially because they strengthen the block of political parties that has consistently favored Bosnia-Herzegovina as an integral and independent state. For this reason, the party will take steps toward intensifying cooperation with the Croatian opposition parties.

Speaking about the U.S. peace initiative, Tokic said that the Ohio peace talks are expected to result in an agreement. The Bosnia-Herzegovina delegation does not have much room for maneuver. The UBHSD is aware of that, but demands that our delegation promote the platform adopted by the Presidency in 1992, which forms the basis for the military and apolitical mobilization of patriotically oriented citizens of our country.

The elections that should follow the signing of the peace agreement must enable all the citizens of Bosnia-Herzegovina to vote for candidates of different nationalities. It is understandable that war criminals and all those who took part in the implementation of fascist policies cannot be allowed to appear on the election lists.

SDA Offers HDZ Deal To Abolish Herzeg-Bosnia

AU3110184895 Sarajevo VECERNJE NOVINE in Serbo-Croatian 24 Oct 95 p 6

[Interview with SDA Executive Committee member Salih Karabdic by Azra Alickovic; place and date not given: "SDA Will Offer a Separation of Governments"]

[FBIS Translated Text] As one of the ways to improve the implementation of the Federation, the Party of Democratic Action [SDA] is to offer its partners in power the formation of a federation government, Salih Karabdic, member of the SDA Executive Committee, told VECERNJE NOVINE.

[Alickovic] What are the conditions for the formation of this government?

[Karabdic] That it should function throughout the Federation of Bosnia-Herzegovina on the one hand and, on the other, that the so-called Herzeg-Bosnia should cease to exist together with all of its bodies.

[Alickovic] Has this been discussed with the representatives of the Croatian Democratic Community [HDZ]?

[Karabdic] We are in constant touch with the HDZ representatives and our information is that they agree with this solution in principle. The SDA will offer them our proposals next week at the meeting that has already been scheduled.

[Alickovic] The 20-point platform that was adopted at the Fojnica session by the SDA Executive Committee sets out the basic principles of the future set-up of Bosnia-Herzegovina, and these are the preservation of the integrity and sovereignty of the Republic of Bosnia-Herzegovina. What spearheaded the adoption of this platform?

[Karabdic] These are the crucial days for the signing of a final peace agreement. The members of the SDA Executive Committee have come up with the guidelines that must preserve Bosnia-Herzegovina as a state. Its effectiveness has to be safeguarded by instruments of protection of the rights of each nation. That is why we proposed a constitutional court that would include members of the international community.

The troops that should come to the Republic of Bosnia-Herzegovina under NATO command should regulate their status through an agreement. We believe that this agreement should be part of the peace agreement.

[Alickovic] Did the session in Fojnica discuss personnel changes in the SDA Executive Committee?

[Karabdic] The view is to have some changes soon. What we need to find is the form for it. The SDA Main Committee will have the final word on this.

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[Box, p 6]

Role of Republican Government

[Karabdic] The Republican Government has to keep the Ministries of Finance, Defense, Foreign Affairs, and the central bank and the mint. Together with the institutions of the Presidency and the Constitutional Court, it also has the role of preserving the state of Bosnia-Herzegovina as an internationally recognized subject.

Commentary Supports SDA-HDZ Plans

AU3110214495 Sarajevo DNEVNI AVAZ in Serbo-Croatian 25 Oct 95 p 4

[Commentary by Fadil Mandal: "Government and Governments"]

[FBIS Translated Text] Ever since the session of the Constituent Assembly of the Federation of Bosnia-Herzegovina in Novi Travnik, the Croat side has been pressing its partner in the federation over the formation of two governments, one for the republic and one for the federation.

The Croats have been using this demand all this time as an alibi to obstruct the implementation of the federation constitution on its entire territory.

The decision by the Executive Committee of the Party of Democratic Action at the recent session in Fojnica to endorse the formation of separate governments has finally knocked out of the Croat partner's hands one of the last arguments in his policy of continuously obstructing everything that was agreed in Washington almost two years ago.

Now that the green light has been given to this project and a deadline for its implementation has also been set (beginning of next year) the federal partners face concrete tasks and activities that cannot be delayed. The condition that the republic's government must not be extinguished by the formation of the federal one will probably be overcome by the Bosniak side's proposal that a cabinet of ministers be formed within the Presidency of the Republic of Bosnia-Herzegovina, which would be in charge of the entire territory of the republic. According to some information, the Croats are not averse to such a solution.

They are obviously far more interested in the way and speed with which the federal government can be formed. The demand they have to meet for that is the one that concerns the abolishment of the para-institutions of "Herzeg-Bosnia." Kresimir Zubak has indicated on several occasions that such a development could be expected once the Bosniaks meet the Croat demand. It is another question entirely whether he and the group of people around him are willing to clash over this with the so-called hardliners in the Croatian Democratic Community led by Dario Kordic. Unconfirmed information from sources close to the Croat leadership in Bosnia-Herzegovina about the proposal to appoint Jadranko Prlic as prime minister designate of the joint federal government seems to indicate the possible victory of the "moderates." This solution would leave the government of "Herzeg-Bosnia" without its prime minister.

The precondition for the realization of any of the possible options and combinations is of course the constitution of the cantons and cantonal authorities in accordance with the Washington and Vienna agreements signed by the two sides. Without this the formation of a joint federal government would be only a waste of time, and would represent a delay to the solution to the essential problems that face the Croat-Bosniak state community, which — it has become obvious some time ago — cannot be solved by the current government of Prime Minister Haris Silajdzic.

With its ineffectiveness and economic and trade voluntarism, it has itself created the need for the organizational solution to the authorities that are now on the agenda. So, if we are to judge without overt emotions, its disappearance should not be mourned. All this time it has survived thanks to political winds and pragmatic reasons, which should slowly disappear with the new constitutional proposals for Bosnia-Herzegovina.

The joint federal government has a chance to start anew in conditions that give it plenty of room to prosper with secured political and economic support, and the knowledge that there is no better solution to the future of Bosnia-Herzegovina and the federation in the present constellation of international and internal relations.

GDS Supports State's 'Territorial Integrity'

AU3110162895 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian

[FBIS Translated Text] The preservation of the territorial integrity of Bosnia-Herzegovina and the legitimacy of the legally elected authorities of the Assembly, the Presidency, and the government, which would guarantee the integration and reintegration of Bosnia-Herzegovina, are the main preconditions for peace in our country. This is the stand of the Citizens' Democratic Party [GDS] of Bosnia-Herzegovina, as presented at the session of the party's presidium, a communique issued by the party states.

The party takes the view that our delegation in Ohio should insist on the guarantees for the return of refugees

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to their homes, compensation, and a single, unified, and free Sarajevo, a special district in the Federation and the capital city of the Republic and Federation of Bosnia-Herzegovina.

'Worrying' Possibility of 'Secret Talks' Noted

AU0111162995 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 1 Nov 95

[Commentary by Nada al-Issa from Zagreb]

[FBIS Translated Text] Pact or war after the talks in the United States? This is the main question on the Croatian political scene. Will the question of Bosnia-Herzegovina and Croatia be solved in a package? Dr. Tudjman is hoping that Croatia, too, will be solved alongside the Bosnian crisis, but he does not care — as he said prior to his departure — whether this will be in a package or separately. What matters is that Croatia is resolved.

Tudjman, however, set off for the talks with eastern Slavonia unresolved, as the local Serbs rejected the peace agreement on reintegration into Croatia. Or perhaps everything has already been agreed upon between Zagreb and Belgrade? The statement by President Tudjman's cabinet chief Hrvoje Sarinic seems to indicate this, as he said that there have been secret talks, as he put it, with both the rebel Serbs and Milosevic himself.

A worrying question rises from this on the Croatian political scene: What, for example, if an agreement has been reached that Milosevic let Croatia sort out eastern Slavonia, and gets in return the lifting of the sanctions and a part of Bosnia-Herzegovina, as Split SLOBODNA DALMACIJA asks, and Tudjman and Milosevic return from Ohio with an agreement on mutual recognition? No one is even mentioning the recognition of Bosnia, at least not in Zagreb. Is there perhaps something, God forbid, in the conclusion by SLOBODNA DALMACIJA that Tudjman now needs an act of victory, and not the trouble of a solution, whatever the price? It would be bad news if this act of victory came in the form of mutual recognition only between Croatia and Serbia, without Milosevic's recognition of Bosnia-Herzegovina. If Dayton produces a pact, not a war, then the pact must also refer to Bosnia, since without peace in Bosnia there can be no solution to the crisis in this region. This, at least, should be clear to everyone.

Serb Republic VP Deplores 'Anti-Serb Campaign'

LD3110201895 Belgrade SRNA in Serbo-Croatian 1930 GMT 31 Oct 95

[FBIS Translated Text] Obrenovac, 31 Oct (SRNA) — Biljana Plavsic, vice president of the [Bosnian] Serb republic, said today that the Ohio talks will take place in two stages and that it is vital for the Serb negotiators "not to cave in".

Plavsic told Obrenovac radio that "the western negotiators will exert pressure on the Serb side during the first stage and will not respect the principle of equal treatment of the warring sides."

"It is obvious even now that we are not being treated like the others. Serbian President Milosevic is not in the same position as Croatian President Tudjman and Muslim leader Izetbegovic because Serbia is being blackmailed with unjust sanctions," Plavsic said.

According to her, if the international community is sincere in its desire to bring about peace, the sanctions should be lifted before Dayton, because it is impossible to reach a just solution under the cloud of such pressures.

"Everyone must receive equal gains and make equal sacrifices," the republic vice president said.

Expressing concern over the latest anti-Serb campaign in western media, Plavsic noted that this is an old well-known practice of using even falsified and false accusations with the aim of putting the Serbian negotiating team in a subordinate position.

According to her, the Serb side's success depends on how far the single Serb republic and Yugoslav delegation, and above all Milosevic, can resist pressure in the first round of talks in order to protect the minimum Serbian interests below which one cannot go.

"When they see that they cannot break the Serbian side through blackmail, they will be forced to establish normal lines of communications and a pressure-free atmosphere for negotiations," Plavsic said.

Serbs Claim Muslim, Croatian Army Violations

LD0111125195 Belgrade TANJUG in English 1152 GMT 1 Nov 95

[FBIS Transcribed Text] Bileca, Banja Luka, Nov. 1 (TANJUG) — Bosnian Moslem and Croatian regular army troops have been violating the ceasefire on the front in Herzegovina since Tuesday morning, Bosnian Serb army sources reported early Wednesday.

Croatian troops opened anti-aircraft and sniper fire on Bosnian Serb defences on southern fringes of the Popovo Polje field, about 20 km west of Trebinje, the sources said.

Moslem troops opened fire on Bosnian Serb lines on Mt. Treskavica slopes, about 50 km southeast of Sarajevo, the sources said.

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The Republika Srpska army Herzegovina Corps did not respond to attacks, honouring the ceasefire agreement that took effect throughout Bosnia-Herzegovina on October 12, the sources said.

The ceasefire was violated also on the front at the town of Orasje, northeastern Bosnia, where Bosnian Serb defences came under Bosnian Croat and Croatian regular army troops' small arms fire, the sources said.

Serbs Report 'Major' Muslim-Croat Clashes

LD0111170295 Pale Srpski Radio-Televizija Studio Sarajevo Radio in Serbo-Croatian 1500 GMT 1 Nov 95

[Monitored by telephone]

[FBIS Translated Excerpt] Following clashes between the Muslim-Croat federal partners in former Bosnia-Herzegovina in Bugojno, Jajce, Bihac, and Travnik, local [Muslim and Croatian] radio stations today reported major clashes in the Zenica area. Goran Djuric has filed the following report.

[Djuric] Citing an official statement by the command of the 3d Corps of the Army of so-called Bosnia-Herzegovina, the Muslim Radio Zenica said today that fierce clashes broke out late last night around the village of Podbrezje near Zenica between members of the Croatian Defense Council [HVO] military police belonging to the Central Bosnia operational group and Muslim policemen from the Zenica police station.

According to the same source, six Muslim policemen were killed and 18 wounded in the clashes.

The local Croatian Radio Busovaca confirmed the Muslim radio's report on the clashes between the federal partners in the Zenica area, and said that similar Muslim-Croat clashes have been registered near Bugojno, Jajce, Mrkonjic Grad, and Novi Travnik over the past few days. According to the same source, many soldiers were killed on both sides, particularly in the clashes near Bugojno. [passage omitted]

Bosnian Army Claims Serb 'Provocations'

AU0111131695 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1200 GMT 1 Nov 95

[FBIS Translated Text] The aggressor occasionally launched small-arms provocations along the defense lines of the Bosnia-Herzegovina Army 2d Corps. These operations were particularly intensive in the region of (Stepeniste) and Citluk on the Majevica front. There were no consequences to the Bosnia-Herzegovina Army fighters, who respected the signed cease-fire agreement and therefore did not respond to these provocations.

The 2d Corps reconnaissance units have registered stepped-up traffic of enemy motor vehicles along the Bijeljina-Brcko-Pelagicevo line.

Serb 'Special Brigade' Commander Interviewed

AU2710131595 Banja Luka GLAS SRPSKI in Serbo-Croatian 21-22 Oct 95 pp 2-3

[Interview with Goran Saric, commander of the "special brigade" of the Bosnian Serb police, by Darko Grabovac; place and date not given: "Serbs of a Special Breed"]

[FBIS Translated Excerpt] The special brigade of the interior ministry of the Serb Republic [Serb-occupied entity in Bosnia-Herzegovina] has borne a considerable burden in defending the Serb Republic borders and the Serb people. Behind them, these popular special troops have left many battles, many kilometers of "hot" front line, offensives, mop-up operations, and liberating holy Serb land. The special brigade of the Serb Republic interior ministry is still defending the fatherland. These intrepid fighters are attacking the enemy and winning one victory after another. We are being defended by the members of the most elite unit west of the Drina.

There is no particular need to stress the contribution that our popular special unit has made over the past three years of war. It has carried out all the set tasks planned for these hard times on all fronts throughout our country. There have also been some regular policing jobs that have also been perfectly performed. And such are their police tasks as well. [sentence as published] The fast, mobile, and very efficient units of the brigade have dealt many blows to the enemy of the Serb people.

We discussed the life and work of the special brigade of the police of the Serb Republic with its commander, Goran Saric.

[Saric] Our military formation is a special purpose unit, which means it is prepared for both peace and war conditions. Depending on what we are doing, we adjust to the given situation. These being difficult war times, members of the special police brigade are deployed along all "hot" lines and places where the Serb Republic is being defended. It should be said that the unit consists of nine detachments [odred] deployed evenly throughout the state, that is, from Prijedor to Trebinje. The majority of our units are still on the front lines in Krajina, where an enemy offensive has lately been raging. We are capable of defending every inch of the holy Serb land, which is something that every member of the brigade will certainly be doing. [passage omitted]

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[Grabovac] Let us go back to the present composition of the special brigade of the police of the Serb Republic's interior ministry. What kind of unit is it today?

[Saric] Unfortunately, we are not a large unit with many members, because numbers are not the first thing for us. It has been shown in this war that 30 well trained and prepared people can do more than 300 average soldiers. This is why much more attention is devoted to good training of good quality personnel, such as we have now. Unfortunately, the training is not carried out in the short moments of rest that we have, but direct knowledge is being implemented in the field, wherever we are needed at the moment. [as published]

[Grabovac] How do you fill your detachments?

[Saric] Our school in the interior ministry and training centers with world-class instructors "produce" personnel for our units, except for active army service, where the training is normal and performed by interior ministry specialists and instructors. The "new" members of the special unit go through a short period of adjustment immediately followed by combat tasks, as the special interior ministry police brigade can have no respite. One has to say here that our all members are patriots and that morale is therefore very high.

[Grabovac] How is your brigade equipped?

[Saric] We have all the state-of-the-art weapons, ranging from artillery pieces to the so-called passive technology of night sights, lasers, and everything that a member of special unit should have. The interior minister leadership is making an effort to obtain everything that is necessary for our unit to function normally despite the grave economic situation in the country. Soon to be formed are helicopter, tank, artillery, and other units that are necessary for a special brigade to be able to do everything requested of it.

First Among Equals

[Grabovac] You have had the opportunities to meet directly or fight alongside other special units. What are they like in comparison with your brigade?

[Saric] All Serb special units are good, but I may say that we are the best. I highly respect the "legend" [not further specified] and his Drina Wolves, and it seems to me that they are the best special formation with a small number of people. Apart from that, it is something real when members of Zeljko Raznatovic Arkan's Serbian Volunteer Guard fight along with our young men. Then this army knows no obstacles. I would recall here the recent storm attack by Arkan's "Tigers" when they took three days to liberate everything from Tisovac to Kljuc, covering 10 km a day. [passage omitted]

Martic Pays Visit to 'Serb Army of Krajina'

AU3010220395 Banja Luka Srpska Televizija in Serbo-Croatian 2000 GMT 29 Oct 95

[Video report by Rade Malesevic on a visit by former Krajina Serb leaders Milan Martic and Milan Celeketic to the "Serb army of Krajina" in western Bosnia-Herzegovina; place and date not given — from the "Na Braniku Otadzbine" ("Defending the Homeland") program; recorded]

[FBIS Translated Excerpt] [Passage omitted] Some units of the army of Serb Krajina, whose soldiers and their families have settled in the Serb Republic [Serb entity in Bosnia-Herzegovina], are part of the armed forces of the army of the Serb Republic. Our reporter visited one such unit:

[Malesevic] We have no other homeland but the Serb Republic. It is everything to us, since we have nowhere else to go. This is where our families and future will be until we, or our children, return to the Republic of Serb Krajina. These are some of the words of the soldiers of the Serb army of Krajina, members of a unit that is fighting within the army of the Serb Republic against the joint enemy, the Ustashas [World War II Croatian fascists], and their servants, the Muslims [Bosnia-Herzegovina Army].

Visiting this unit, which was exceptionally brave on the western Krajina front, we saw Milan Martic, president of the Republic of Serb Krajina, and General Celeketic [former military commander of the Krajina Serbs].

[Martic] This is one of the units that are fighting within the army of the Serb Republic, and I am particularly proud of this unit, as it managed to halt the recent Croat-Muslim offensive. Unfortunately, we had several casualties [passage indistinct] all these soldiers are well aware of what their aim is.

First and foremost, their aim is to preserve the Serb Republic, and then, I hope, one day they will return to where they belong. These soldiers are not demanding special conditions; they are happy with very little, they are happy about the fact that the Serb Republic has accepted them as their own. I was particularly glad, in discussion with other soldiers, particularly from the Kozara units, to hear that they accepted these men as their brothers, and vice versa.

I always try to emphasize that we are one people, that we are here at the moment, and that this is our state, as well as that the brotherhood that we have been developing should be taken to this particular level, which is that we are giving our lives for one another. No Muslim or

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Croat unit can break through into this territory while the brothers are getting along.

[Celeketic] I think that the main thing that is present here is that each inch of Serb soil is being defended. I myself am part of that.

We have the same task. [passage indistinct] On the other hand, like any other man, I would like the war to stop tonight. We are here, and so are they, as are the commanders. I do not think that we will let anyone down or that we will flee the front.

[Martic] My message to all those who have the chance to see this is to return to their Serb Republic, to be among their brothers. We have our unit within the army of the Serb Republic, and this is one and the same army. I believe that we can be powerful, and if they come, we will be far more powerful. I also think that with their arrival there will be more favorable preconditions for us to return where we came from.

[Zoran Brkic, identified from caption as "commander"] As far as the situation on this front is concerned, the men are mostly [words indistinct], the most difficult moment, and we believed it was worth it at that time to primarily be a Serb [passage indistinct] showed after the Muslim offensive we launched a counteroffensive, and came to where we are now, after which the Muslim formations launched another a terrible attack, and even Prijedor and [words indistinct] came into question.

This unit has lost one state, and it does not have a right to lose anything else; not only does it not have a right to that, but it no longer wants to be anyone's [word indistinct].

We are here to defend the Serb Republic, as we have proven. We will remain here, as we have shown in the latest attack. The Muslims launched a terrible offensive, and even drew up a map as if everything were finally settled, but they had the misfortune of stumbling across our unit, after which they suffered great losses, and our unit showed and proved that it is able to fight and that it wants to fight. They held the line [words indistinct], and thanks to other units that took up the fighting and helped this unit stay where it is.

I can say that this unit has the intention and wants to stay here. We want all those who want to fight, wherever they may be, in whichever Serb state, to come here. There is room for them here — as President Martic said, there is room, and there are people to welcome them.

[Ranko Kardas, identified from caption as "commander"] The aim [words indistinct] was never questionable for a Serb soldier and a real Serb. This is why we are where we are. We no longer have only western Slavonians here; we also have Dalmatians, people from Knin, Lika, Banija, Kordun, etc. and we are having a great time together. Unfortunately, it is a tragedy that is connecting us [words indistinct]. The fighting is like everywhere else. This is the first time for me to have Turks before me, but it is the same — the enemy is the enemy.

[Malesevic] According to Mr. Martic, several thousand soldiers from the Republic of Serb Krajina are fighting within various units of the army of the Serb Republic. The unit that we visited aspires to grow into a much more powerful formation. The only wish that these soldiers have is that their families be treated the same way as the families of their brothers in arms from the Serb Republic.

Sarajevo Officially Requests Abdic's Extradition

AU0111110095 Rijeka NOVI LIST in Serbo-Croatian 28 Oct 95 pp 20-21

[Article by Snjezana Pavic: "Mileta: Abdic Cannot Be Extradited"]

[FBIS Translated Text] Will Croatia extradite Fikret Abdic? The question, which has been in the air since the first news that Abdic was in Croatia, grew more serious toward the end of last week, when it was published that Sarajevo had finally officially asked for his extradition.

The abolition — envisaged by the agreement of 8 August between Croatia and the Republic and Federation of Bosnia-Herzegovina on one side, and Abdic on the other — refers to all those from Velika Kladusa who fled fearing of revenge.

It also refers to Abdic himself, the representatives of Croatia claimed, as well as, of course, Abdic and his assistants. It was agreed upon by Presidents Tudjman and Izetbegovic, stated Bosiljko Misetic, deputy prime minister in charge of relations with the Federation of Bosnia-Herzegovina, in late August.

However, Kasim Trnka, ambassador of Bosnia-Herzegovina to Zagreb, denied in OSLOBODJENJE that "any consent had been reached" on Abdic's destiny, although talks about that took place at the highest level in Zagreb. The abolition refers to everyone — except those who soaked their hands in blood, Bosnian-Herzegovinian officials have been pointing out. We will demand extradition! claimed Edhem Bicakcic, vice chairman of the SDA [Party of Democratic Action] and himself a signer of the agreement of August 8, unequivocally.

Both Sarajevo and Zagreb are interested above all in the return of the refugees, Abdic's followers, to Bosanska

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Krajina. Those interests have overlapped, but without any essential results. They have not had such a common view about Abdic's destiny: "Let him do what he is best at" (Tudjman), "we are only interested in him as a case for the prosecutor" (Sacirbegovic).

Regardless of the verbal statements, the Sarajevo side has done nothing to bring the odious Babo [Abdic's nickname] to the court.

400 Armed People From Kladusa

By late August, DELO from Ljubljana had published news that the Sarajevo government has already prepared the request for the extradition of Abdic, but would not send it until the problem of the refugees from Kladusa and Cazin is settled. The same has been publicly said by Edhem Bicakcic, too, namely, the extradition claim would influence the refugees not to return. That was the only explanation why the extradition claim for "the biggest traitor to the Bosniak people" has been put off, and the problem of refugees has not been solved, but has grown increasingly worse.

Finally, in the middle of September the Bosnia-Herzegovina Assembly asked the Bosnian Presidency to send the extradition claim. However, in spite of Izetbegovic's explicit confirmation in an interview to Sarajevo's AVAZ on 1 October, again nothing happened.

Nothing happened, except winter approached Kupljensko, from where more and more disastrous news has been arriving. Regardless of the official visits to the camp which extends 8 km along the road around Vojnic, in spite of all the attempts to convince them that they are granted safety in Kladusa, the camp has not significantly emptied. Only the number of incidents caused by the presence of 400 armed citizens from Kladusa has increased.

It seemed that this situation will last forever, until Ivica Kostovic, deputy prime minister in charge of humanitarian issues, during one of the numerous meetings with concerned foreign humanitarians said that the Council of Defense and National Security [VONS] will decide their destiny.

VONS Says Nothing

VONS held its session the next day, on the last day of September, when the meeting of the representatives of local authorities, the Croatian Office and the Federation of Bosnia-Herzegovina who work on the return of the people from Kladusa, and the committee of the refugees from the Kupljensko camp ended without any result. Nothing could be deduced from the official statement from the session of VONS. The problem has not even been publicly mentioned.

According to sources available to GLOBUS, VONS nevertheless came to the conclusion that the situation in Kupljensko was not to be tolerated any longer — if worse comes to worst, it has to be solved forcefully! The key problem pointed out was the disarmament of approximately 400 armed people from Kladusa, which should be carried out by units of the Military and Special Police.

Kasim Trnka said: "Croatian authorities have to take care of the armed individuals in the camp," and judging by the statements, the Sarajevo authorities expected such Croatian action even earlier. Reproaching Croatia for its indecisiveness, [Hasan] Muratovic has been pointing out that Croatia has to start the refugees. "Either by convincing them, or by force!"

When last Tuesday [24 October] REUTER reported that about 300 members of the special forces of the Ministry of Internal Affairs were on their way to Kupljensko, it seemed that the second, more efficient variant has been chosen. NOVI LIST received confirmation of that news from the Zagreb UNHCR Office, but not from the Ministry of Internal Affairs. The representatives of Croatian authorities have informed UNHCR that the purpose of the arrival of the police was to introduce order into the refugee camp, because of the increased number of incidents in which some people were killed.

Wrong Diplomatic Step

Nobody could say whether the Croatian authorities intended to return the refugees to the region of Velika Kladusa forcefully, and what would happen to the armed soldiers among them. Meanwhile, everything was indicating that the Croatian police would take matters into their own hands.

Then came the news that Bosnian authorities had finally sent the official claim of extradition. If the question of refugees is solved, whether by hook or by crook, there is no reason for procrastination! According to the information broadcast on Friday by BH-PRESS and transmitted by HINA, the Bosnia-Herzegovina Ministry of Justice through the Ministry of Foreign Affairs had sent the extradition claim to the Croatian Ministry of Justice.

"The newspapers have made a mistake!" Marin Mileta, deputy minister of justice, was explicit.

According to the valid procedure, the Bosnian authorities should have sent a note via diplomatic channels to the Ministry of Foreign Affairs in Zagreb, which would have forwarded it to the Ministry of Justice. No claim

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has been received there so far, either directly or via the Ministry of Foreign Affairs.

In the Ministry itself nothing is known about the claim for Abdic's extradition. The claim could have been sent either via the Croatian Embassy in Sarajevo, or via the Bosnian Embassy in Zagreb. It has not happened so far — our Ministry says. No, it has not happened — Kasim Trnka, Bosnian-Herzegovinia ambassador to Croatia confirms. However:

Minister of Justice Makes Decision

"We sent our claim via our Ministry of Foreign Affairs as early as 19 October. They certainly have received it in the Croatian Ministry of Justice, because they have reacted to it immediately and asked for additional consultations, Zijad Hasic, deputy Bosnian Minister of Justice, is sure.

However, the Croatian side denies that. Marin Mileta recalls that an extradition agreement has not yet been signed between the two states, so the question of extradition is being resolved according to regulations covering our internal rights. And that calls for a legal proceeding at the appropriate court in Croatia, which determines whether there are conditions for extradition or not. In case that the court, after a long process, determines that there is a possibility of extradition, the final decision is made by the minister of justice.

Also, according to Croatian regulations, it is not possible to extradite Croatian citizens. And Abdic has a certificate of citizenship. Furthermore, the extradition is not possible if someone is sought because of "the acts of military or political nature." Whether it is exactly that, and not a war crime, is judged in Croatia, based upon the factual description of the act of which one is accused, regardless of how those who demand extradition describe the act!

Threat of Capital Punishment

Although it has not been regulated by law, when making the decision, the court will probably take into account the fact that extradition is demanded for an act that could bring a verdict of capital punishment, Marin Mileta points out. And the high court of justice in Bihac in March instituted an inquiry against Abdic because of the suspicion that he had committed war crimes against a civilian population and prisoners of war.

"Abdic cannot be extradited, even if it is concerns crime against humanity and the international law on war crimes. If it were so, our country itself, in line with the international conventions, would have to put him on trial," Marin Mileta emphasizes. If the legal procedure against him has not yet been instigated, it does not mean that Abdic is not considered a war criminal in Croatia. Simply, nobody has reported against him, neither the military, nor the Public Prosecutor's Office, nor a private individual.

Legal experts convince us that Abdic can nevertheless be extradited, the contrary to Marin Mileta's statement. At the Ministry of Justice of Bosnia-Herzegovina they think so as well. Zijad Hasic even stresses that a week ago the agreement on extradition was to be signed between the two countries. According to his words, as early as a couple of months ago, the Bosnian side sent draft versions of four basic legal documents, among which was that one, too. Meanwhile, at the Croatian Ministry of Justice it is resolutely denied; Mileta claims that the procedure for conducting negotiations on signing the agreement has not been started at all.

Questionable Political Will

However, Sarajevo claims that the agreement, despite expectations, has not been signed because "there were some minor disagreements," as the deputy Bosnian minister of justice says. Nevertheless, this is expected to be solved very soon.

"I think that there should be no problem, because the interests of our two countries are same. I believe that the Croatian Ministry of Justice also advocates the principle that a crime should not be unpunished, and that criminals should be tried for their crimes. I am convinced that they will bear that in mind in this case as well, but I am only unsure how much politics will influence it," Zijad Hasic says, repeating that he expects "everything to be solved very soon," both the question of Abdic and the question of the agreements between the states.

He further repeats that Abdic can be extradited whether the extradition agreement has been signed or not; the only question is whether there is political will or not. However, at the Croatian Ministry of Justice they emphasize that the political will has been transformed into laws, and one can do nothing but stick to the regulations covering our internal rights!

"One can discuss the political will only after the legal procedure at court is over, when the minister is, in line with his discretionary right, to make his decision on extradition or no extradition. However, we cannot skip our internal rights," Marin Mileta emphasizes. He points out that it is useless to talk about all of this so long as the official extradition claim for Abdic has not arrived.

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Government of Bosnia-Herzegovina Has Sent List of Suspects

In the meantime there has been no information on events in Kupljensko. From the UNHCR office in Zagreb we found out that its activists were in the camp, but did not send any reports. This probably means they have nothing to report, that is, the situation is as usual. That is also what the MUP [Ministry of Internal Affairs] claims. Abdic's supporters are obviously still in the camp, otherwise why should Granic, Sacirbegovic, and the deputy foreign minister of Turkey sign the agreement in New York on Monday on conditions for their return? And the return could take a couple of months, as has been said.

Safety is granted to everybody, except to the perpetrators of war crimes, Sacirbegovic repeated in New York. According to Bakir Alispahic, minister of internal affairs in Bosnia-Herzegovina, his ministry sent to the Croatian side a list of some 400 individuals, who are suspected of committing war crimes. Both Abdic and his wife are among them. So, will Croatia extradite Abdic?

No, it will not, at least not as long as the extradition claim, via diplomatic channels, does not reach those for whom it is intended. An indication of possible extradition is at least the fact that nobody protested after information was published that 15 former Abdic followers, after the return to Kladusa, had been arrested on charges of war crimes. This means that it is nevertheless admitted that abolition does not refer to those who have committed war crimes, or at least not to these 15 people. Will the one, without whose influence those crimes would not have been committed at all, join them?

RS Exempts Students From Military Service

AU2710205895 Banja Luka Srpska Televizija in Serbo-Croatian 1930 GMT 26 Oct 95

[FBIS Translated Text] Following a decision of the 55th session of the Serb Republic National Assembly, the Serb Republic Defense Ministry issued an order temporarily exempting full-time students presently engaged in units of the Serb Republic Army and Interior Ministry from military service for the academic year of 1995-1996. The order further says:

Conscripts and students who did not respond to draft notices and are not in units of the Serb Army and the Interior Ministry, shall not be exempt from military service. University students, conscripts in their freshman year for the academic year of 1995-1996 who went to serve in the Army, and are presently in units of the Serb Army, are temporarily exempt from military service. Furthermore, all students enrolled in their freshmen year in the academic year of 1995-1996 who have never done their military service shall serve in the Army. Degree-exam candidates [apsolventi] will also be temporarily exempt from military service until the end of the academic year, ends the statement by the Serb Republic Defense Ministry.

Demobilization by 10 Nov

LD3010221695 Belgrade SRNA in Serbo-Croatian 2131 GMT 10 Oct 95

[FBIS Translated Excerpt] Banja Luka, 30 Oct (SRNA) — The decision of the Bosnian Serb People's Assembly and Government, as well as Defense Minister Milan Ninkovic's order on the demobilization of full-time university students, will be implemented by 10 November at latest.

"The decision has been made both for political and practical reasons," Minister Ninkovic explained during today's working visit to Banja Luka, recalling that a decision on the resumption of studies is in force.

He said the Defense Ministry is receiving an increasing number of complaints about the implementation of the law on the army.

A statement for the public, issued by the Defense Ministry in connection with Ninkovic's visit to Banja Luka, draws attention to border crossing irregularities.

"When it comes to border crossings, a number of the Bosnian Serb Republic [RS] policemen are acknowledging permits issued by certain RS personalities," the statement says. The statement stresses that there are irregularities with signatures and border crossing authorizations, which are being priced at 50-100 German marks, although the RS has regulated this through appropriate legislation.

The chief of the main staff of the RS army signs border crossing permits for RS Army recruits, conscripts, and soldiers, the Defense Ministry for people working in the RS Army, and a relevant ministry for people working for the Internal Affairs Ministry.

In line with his order, Minister Ninkovic has set up a center for research and development with the aim of collecting and processing data on the number of civilian victims of the war, counting civilians who have disappeared, killed, and dead civilians, as well as those forcefully expelled. [passage omitted]

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Electoral Results With 99 Percent of Votes

AU3110173395 Paris AFP in English 1716 GMT 31 Oct 95

[FBIS Transcribed Text] Zagreb, Oct 31 (AFP)—Croatian President Franjo Tudjman's rightwing ruling party won nearly 45 percent of the vote in weekend parliamentary elections after ballots from 99 percent of polling stations had been counted, electoral officials said Tuesday [31 October].

Electoral Commission chairman Krunoslav Olujic said the latest preliminary and unofficial results gave the ruling Croatian Democratic Union (HDZ) some 44.82 percent of the votes on results from 6,617 out of 6,684 polling stations.

The results are expected to give the party an outright majority of seats in the new 127-member parliament, but not the two thirds majority predicted by Tudjman.

The final apportioning of seats is worked out under a mixed proportional and majority-voting system.

Final results and the handing out of seats will only be announced Friday.

A coalition led by the Peasant Party (HSS) is second with 18.44 percent of the vote. The Social Liberals (HSLS) are third on 11.62 percent and the former communist Social Democrats are on 9.03 percent.

HDZ To Win Some 60 Percent of Deputy Seats

LD3110191195 Zagreb HTV Television in Serbo-Croatian 1830 GMT 31 Oct 95

[FBIS Translated Excerpt] We have prepared a brief political analysis which shows the future balance of power in the Chamber of Deputies of the Croatian assembly.

Although we will have to wait a little longer to learn the official results, the outline of the new composition of the assembly's Chamber of Deputies is quite clear already.

Having won around 45 percent of the votes, the HDZ [Croatian Democratic Union] has again gained the confidence of the largest section of the electorate, but this time to a larger extent than in the elections in 1992 and 1993. If we add to this the seats acquired in constituencies and in the special list for the diaspora, the HDZ has won around 60 percent of seats. The incumbent ruling party has improved its position in the parliament and gained the predicted stabilizing majority which will enable it to complete the work it initiated with success. [passage omitted]

Dubrovnik Alarm Said To Be Politically Motivated

AU3110213195 Rijeka NOVI LIST in Serbo-Croatian 30 Oct 95 p 2

[Report by N. Djula: "Attack Or Fear of Election Failure"]

[FBIS Translated Text] Dubrovnik—The county center for information sounded at 1205 on Sunday [1105 GMT 29 October] a general danger alarm for all places between Slani and Prevlaka because of an alleged enemy attack. At that time the citizens in the western part of Dubrovnik heard several explosions from the direction of the Dubrovnik coastal area, that is, from the hills above Zatone and Orasac. The residents of Konavli and the country of Dubrovnik did not notice any enemy attacks. The all clear was sounded an hour and half later, at 1338 exactly.

According to the Electoral Commission in the 22d Constituency, by noon only a third of the electorate had voted in the Dubrovnik-Nevesinje County.

Despite the danger of enemy attacks, the Electoral Commission decided to leave all polling stations in the 22d Constituency open, but, because of the fear that the general danger had caused among the residents of many parts of the county, the turnout was rather low.

Although it is inappropriate to comment on the decision by the military authorities to sound the general danger alarm, in this particular case there are several questions simply begging for an answer. The residents of Croatia's extreme south remember the days when several hundred shells used to land on the Dubrovnik area a day. And the general danger alarm was still not sounded in the city center. The fact that only an hour and a half was needed to conclude that the all clear was in order is also confusing, since, for instance, when the Dubrovnik region was attacked last summer (not a single shell landed on the town), the general danger alert in the town lasted some 10 days.

Are we, therefore, really talking about general danger or an intention, because of the fear of the ruling party's election defeat, to have as few voters as possible take part in the elections. In any case, the fact that the polling stations were not closed because of the general danger is also indicative. This, therefore, made election day in the largest part of the constituency an hour and a half shorter.

The Electoral Commission of the Republic of Croatia will have to consider the assumption that a good number of citizens, especially those who went through the most difficult months of war, did not have the courage to come out to vote even after the general danger alarm.

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If this really turns out to be crude sabotage, which many residents of Dubrovnik fear might be the case, the elections in the 22d Constituency should be annulled and the possible authors of this morbid idea prosecuted for crudely disturbing a population that is already frustrated with the war.

SNS: Serb Voters 'Discriminated Against'

AU3110215795 Paris AFP in English 2142 GMT 31 Oct 95

[FBIS Transcribed Text] Zagreb, Oct 31 (AFP)—Croatia's Serb National Party (SNS) claimed Tuesday [31 October] that many of its potential voters had been discriminated against in elections over the weekend when the party was hammered.

In a letter to the country's electoral commission, it said it had registered more than 650 complaints by Croatian Serbs over the ballot Sunday, convincingly won by President Franjo Tudjman's ruling Croatian Democratic Union (HDZ).

The protest was also sent to the Organisation for Security and Cooperation in Europe and the British, French, German and U.S. governments.

The SNS said the election was organised in such a way that Serbs and other minorities were singled out and discriminated against, while others could not vote at all because they could not prove their ethnic origin.

In some cases, officials at the polling stations told Serbs that there were no more voting papers reserved for them because "everybody has already voted," the SNS added.

Other officials warned Serbs and other voters of Macedonian, Montenegrin and Slovenian origin not to vote for their own candidates.

An electoral law voted before the previous parliament was dissolved reduced the number of seats available for the Serbs, with deputies saying they did not need so many because some 200,000 Croatian Serbs fled when government soldiers seized the formerly Serb-dominated Krajina region in August.

A team of international observers to the elections pronounced them free and fair.

Commentary: TV Discriminates Against Parties

AU3110165695 Zagreb HRVATSKI OBZOR in Serbo-Croatian 23 Oct p 11-12

[Commentary by Zelimir Zanko: "Television Troubles Elections"]

[FBIS Translated Text] At the peak of the preelection campaign of 1995, the number of secrets is small: Croatian political parties and their tactics, candidates, programs, and promises have become almost completely transparent to the electorate, so that one can with certain reliability forecast the order in which the parties will enter the finish of the campaign and election day. Although the strength of the parties and their basic direction are already known to the electorate, as well as the probable winner, HDZ [Croatian Democratic Community], for a country with a five-year old (war) democratic organization, the new experiences of preelection straightforwardness and intensified sharpness of public confrontation, spiced with the attempts at revealing some still unknown details from the political biographies of the opponents, are more then welcome. Although often linked with evidence that cannot be checked, or without it, with the inevitable little tricks, unfair blows, and even utter demonization of the opponent, party and personal conflicts, and opening all fronts and showing all cards as the main feature of that most intensive part of the campaign prove that the political maturity of the major carriers of democracy, political parties, as well as of wider political public, is unstoppably going in the direction of growing fully mature.

Television's Fiasco

To be true, not all the public institution which should participate unconditionally in that collective democratic initiation at the equally high freedom-loving level is doing so. That estimate refers to, first of all, HRT [Croatian Television], a monopolist media house, which draws the major part of the parties' criticism for disabling equal and just preelection competition. The largest number of complaints to the Counting Board of the Republic of Croatia refers to the behavior of the Television as the most influential media without real competition, and those complaints have mostly been lodged by the liberals, whose preelection TV advertisements on the "brain drain" and "the pensioners who have been stiffed in 18 pensions since 1993," have not been broadcast even though Olujic's board said that the liberals were right. To what degree HRT is impartial in the campaign, shows the fact that HRT was admonished by the Constitutional Court for broadcasting two reports from two HDZ party meetings in the Second TV journal, in a section named "Elections 95," which is contrary to its own programatic rules on portraying the elections. To explain everything about the objective HRT behavior in the campaign to the last sucker, the Constitutional Court again invested some efforts by publicly warning the Television to stick to the rules and laws, and made a verdict that Croatian Radio Marketing, against the rules, refused to broadcast the original SDP [Social Democratic Party] promotion clip. Of course, HRT has broadcast all those decisions and warnings with great

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delay and at airtime with weak ratings. Such dillettantish behavior of the only national level television, apart from state television, a public institution to which not even the Counting Board can order broadcasting of preelection advertisements, as Olujic has admitted, so that it appears as the ultimate and untouchable arbitrator of democracy and freedom of speech is far from the desired and expected, and in fact is possible only in a semiprimitive media situation and relations, still functioning here. The monopoly of the state television, that is, nonexistence of relevant independent or alternative TV houses, is a special totalitarian remnant of a still insufficiently mature Croatian democracy, which almost all former socialist states went through, even in Russia, where TV pluralism is blossoming. Precisely because of this painful fact, the responsibility of the leadership of HRT for restrictive and partial behavior in the campaign is therefore greater and should not pass without consequences. The consequences, in case of an opposition victory, as shown by the statement of HSS, if they win, would be immediate removal of TV leadership.

Price of Promotion

If the behavior of an unnecessarily fawning HRT leadership is at a level unworthy of the European democracy we want to achieve, the general esthetic and media level of the promotion party TV advertisements has made significant progress, and it is comparable to those in the countries with greater and more complete democracy. The advertisements of the majority of the parties, this time, fascinate in the simplicity of the messages, wittiness, and media animation, which is truly refreshing in the former stereotyped election program, that is television presentation of the candidates and the parties, where frightened hosts are most concerned, as if it were not preelection campaign, not to hear any sharpe criticism, that is, to avoid actual confrontation. This apparent lack of real party confrontation on TV, has been noticed by the HSLS [Croatian Social Liberal Party], so that Budisa cunningly offered TV confrontation to Dr. Franjo Tudjman.

Since the very first day of the campaign, it has been clear that the HDZ is far ahead with the number and frequency of TV, and other, advertisments, and its furious media campaign has already reached the limits of viewers' and listeners' endurance, which could prove counterproductive, should it come to utter saturation. Smaller and poorer oppositional parties, confronted with such speed, and with the mentioned blockade, can only try compensating publicly for their financial handicap by demanding to make known whether HDZ really paid for all that commercial airtime on TV or received a "gift" as the party in power. So far, HRT has not answered this serious objection at all.

HSP Is (Not) HDZ?

The second week of the preelection campaign has explained the role of some parties in Croatian political life, the parties that caused more or less doubts in public. This, first of all, refers to the Croatian Party of Rights [HSP], which has been presenting itself, for more than a year, as some kind of third power in Croatian politics, therefore, independent from HDZ and united opposition. To prove that there was nothing of the proclaimed independence, the no. 1 man of HSP, Anto Djapic did his best. He, probably carried away by the unanimous triumphal atmosphere of the third HDZ Convention, in his address recklessly dropped a brick that he wanted the victory of HDZ and expected HSP to be the strongest opposition! Thus this former founder of the HDZ of Slavonia and present head of the once strongest opposition Croatian party, showed publicly whose side he was taking, because it is beyond comprehension that a party leader (excluding Sosic) wants the victory of another party, so that the words of Ante Prkacin, until recently Djapic's party colleague, that he has left HSP because, unlike Djapic, he maintained that the members of the Party of Rights should support the opposition in the elections, not HDZ, are now more significant and serious. Additional assurances that precisely HSP prevents HDZ from winning in seven to eight electoral units did not help Djapic at all, who soon realized that he had gone too far. His words are simply not true if the HSP voters vote for this party as "the third block." In the best case, one can assume that half of the HSP electorate would vote for the HDZ, and the other half for the opposition, so that the participation of the members of the Party of Rights in the elections in electoral units, from the viewpoint of helping the party in power or the opposition, is utterly superfluous, and it is even more so because they have no chances to win anywhere. Besides, Djapic continues to attack the opposition more than the HDZ, so that the role of the HSP in these elections has become more than apparent.

Meanwhile, the real trouble for Djapic is that the HSP, which they claim appears together with the HDZ in preelection meetings, has been losing a part of its voters, both in electoral units and on the state lists, because of a number of parties with rightwing or Party of Rights program, which, so far, has not caused any concern in the HSP leadership. The greatest danger for the future of the HSP comes from the consistent antidemocrats (which they find a compliment), a rightwing association which formed around Schwartz's unregistered New Croatian Right and Vucic's Croatian Homeland Party.

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Those Croatian geopolitical fundamentalists and social rightists promise a fusion soon and unification of the rest of the rightwing and rightist groups out of the HSP and HSP 1861, which puts Paraga and Djapic, whether they want it or not, into a new, more uncertain position.

It has also become clear that the leading HDZ, if the opinion surveys and the statements from IDS [Istrian Democratic Congress] are to be trusted, despite immense propaganda and personnel reinforcements is still not in the best position in Istria, where the mainstay of the new HDZ policy in Istria has been whistled down in Pula, as Ivan Jakovcic reiterated last week. Nevertheless, one can believe that the HDZ in Istria will in general have better results than in the last elections, but in the 21st, Porec, and the eighth, Rijeka, electoral unit the candidates of the IDS will most certainly pass. Beside Istria, the HDZ is particularly interested in increasing the number of votes in northwestern Croatia, that is in Medjimurje, which Dr. Franjo Tudjman has pointed out on several occasions at the big meetings in that region. Meanwhile, according to the GLOBUS opinion survey, the candidate of the oppositional coalition will certainly win in Cakovec, and in Varazdin HDZ is in the lead only by less than 3 percent before the opposition, first of all thanks to the fact that more than 10 percent of the oppositional votes, but without a chance for the final victory, will go to the united Christian Democrats on the list of HKDS [Croatian Christian Democratic Party]. In Bjelovar, however, the HDZ masterfully leads already with an advantage of 15 percent of the votes which cannot be caught up with.

Mesic Looks Forward to Opposition Victory

And while the HDZ takes care of its "sweet" worries, whether it will, namely, win two-thirds majority in the future Chamber of Representatives and whether it will improve the rating in previously unconquerable regions, the opposition has registered a mild growth of popularity in all surveys. The difference in the electorate confidence between the HDZ and the opposition is nevertheless still so big that it is hard to expect any more significant shift which could turn the expected victory of the HDZ into a defeat in the last week of the campaign. Nobody with realistic views expects that, apart from Stjepan Mesic, chairman of HND [Croatian Independent Democrats], who boldly says that he has always been on the victorious side and will be again this time, while he benevolently intended the role of the parliamentary opposition to the HDZ "to let it shape itself into a real party." Mesic has always been known for witty statements, so this one is not a surprise, and it would be a real miracle if Croatian Independent Democrats succeed in breaking the 5-percent threshold on the state list and if Mesic returned to the parliament again. As matters are standing now, Manolic, former chairman of the Chamber of Representatives and former chairman of the Chamber of Counties, as the representatives of the former left wing in the HDZ, will have an opportunity to train in the role of out-of-parliament opposition in the next four years.

The one who will join them will be the recently "cut off" Tomislav Mercep, as the former carrier of the rightwing factions of the HDZ, and, rightfully or not, the representative, denounced from the highest level, of blameworthy deviations in part of the power structure. The end of his HDZ career is approaching. It is hard to expect the ambitious "Napoleon" [Mercep's nickname] to satisfy himself with a marginal role of an ordinary party member, or that he would expect party and political rehabilitation in the lull. Mercep will, probably soon, finally leave the HDZ, and form his own party or join some already existing quasi-rightwing parties, of which, unfortunately, there is no shortage.

Tudjman Views Achievements, Strengths, Aims

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["Exclusive" interview with Dr. Franjo Tudjman, President of the Republic of Croatia and Supreme Commander of the Armed Forces, by Major General Ivan Tolj, editor in chief of Croatian Military Papers, Zlatko Stublic, editor in chief of DRZAVNOST, and Dubravko Horvatic, editor in chief of HRVATSKO SLOVO, in Zagreb; date not given: "Croatia—Regional Military Power"]

[FBIS Translated Text] [VELEBIT] Mr. President, let us begin with the current topics. Can we ask you to comment on the Third Convention of HDZ [Croatian Democratic Community] and to compare it with the two conventions that preceded it, particularly comparing it with the First Convention. In other words, what has the HDZ achieved in that period?

[Tudjman] If I were to look for the essential difference between the First and the Third Conventions, then the First Convention was simply the first eruption of Croatian national feeling. There was, among other things, a surprisingly great number of young people who joined Croatia's political life with the Third Convention. If, after the Second Convention, everything from the left that could not get out of the communist and UDB [State Security Administration—in the former Yugoslavia] framework, then now, after the Third Convention, there has also been such a resolute break with some intolerant rightist views, that the affirmation of the central HDZ policy has been achieved, and that central policy has

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been expressed in a great number of people joining the HDZ, common people, hitherto apolitical people, as well as those who had been among the champions of various political parties. It is really interesting that people from the cultural life have been joining HDZ. Some of them have told me that they had been HDZ members since 1990, but that nobody had called them later on. So, unlike a small, narrow circle of intellectuals from the arts and some journalists, who from Biblical times until today have borne the epithet of pharisaism, more and more people dealing with culture, with the arts, are becoming involved with us. So we can overcome that incorrect picture of the insignificant number of journalists and others, who—with their participation in the media—have been trying to leave the impression that their "negatiors'" opinion is far bigger and stronger in public than it really is. Those are, nevertheless, single individuals. The Croatian public, as well as the cultural public, is getting more and more involved in solving the problems of modern Croatia, noticing that the world, such as it was, did not favor an independent Croatia. You have probably heard the statement of academician [Dusan] Bilandzic who was well informed about Yugoslav and Serb conditions (and is still well informed today), and who said that Milosevic and Belgrade had had the whole world behind their policy of overthrowing Croatia and the aggression on Croatia. So, according to that, or in spite of that, with our policy and with everything we were creating, we have achieved what we have today, we have become a factor that the international community reckons with. Take a look at the present HDZ leadership, the candidates for the state list and for the leadership of the HDZ; there are among them representatives of the most distinguished people in cultural life. They are both in the party and in the state leadership.

[VELEBIT] Presently the most current issue is the situation regarding the truce in Bosnia-Herzegovina. According to Ejup Ganic, the division 51:49 is not only unfair, but also unrealistic, because those 49 percent of "Serb" territory had been inhabited by only 14 percent of the population of Bosnia-Herzegovina.

[Tudjman] I do not know whether this information on 14 percent is correct and realistic, I think it is not. However, it is perfectly certain that the proposal for the demarcation 51:49 percent was not based as much on the realistic relation of the population, neither previous, nor present, as upon the realistic military situation, how much territory was held. And the Serbs at that time held about 65 percent of the territory of Bosnia-Herzegovina. Meanwhile, the situation is such that the Federal Croatian-Bosniak forces hold 53-54 percent of the territory in their hands, and it is perfectly sure that this will now be a basis for the practical solution of the crisis in Bosnia-Herzegovina. Nobody will now easily accept unrealistic Serbian demands, neither the Croats nor the Bosniaks, nor the international community. So, the present situation, which has been created first of all on the basis of the mutual agreement between the Croatian and Sarajevo Government, the Government of Bosnia-Herzegovina and the Government of the Federation, about the involvement of Croatian forces in Bosnia-Herzegovina, has not only thoroughly changed the military balance, but also this territorial picture, so that now one can no longer talk about those previous relations.

[VELEBIT] To what degree will Croatia support the interest of the Croats in Bosnia, as opposed to, let us say, a possible solution imposed by the international community that would not suit the Croatian people in Bosnia-Herzegovina?

[Tudjman] First of all I think that in the world today there are no serious factors that would impose on Croatian people in Bosnia-Herzegovina and Croatia such relations as are unacceptable for Croatia because the international community knows that the Croatian people, with their Croatian Republic of Herzeg-Bosnia, and later on with the acceptance of the Federation, made the defense of the whole of Bosnia-Herzegovina possible, having enabled the Muslim part to organize and start to defend itself. Croatian involvement in helping the Croatian people in Bosnia-Herzegovina gave rise to the Washington Treaty on the Federation and a confederation with Croatia, and the recent victories over the Serb forces in Operations Flash and Storm have thoroughly changed relations, so that the world has had to accept Croatia as a regional military power.

[Tudjman] So, there will be no pressure on Croatia to create such relations that would be unsuitable either for the Croatian people in Bosnia-Herzegovina, or for Croatia as a whole. The second problem is that in the world there are still ideas and plans to involve Croatia in some kind of unified, economic and political entity of all the countries of the former Yugoslavia, except Slovenia, and with Albania, and even Bulgaria. That is something unacceptable for Croatia and the Croatian people on the whole. However, regarding the solution itself in Bosnia-Herzegovina, I think that the international community, too, is interested that the relations in the Federation itself be established in a way that avoids conflicts between the Croats and the Muslims. The representatives of the United States of America, both political and diplomatic, as well as military, who are informed about the situation, suggest such solutions that are acceptable to us. So, all the problems within the Federation should be solved so that, for instance, the army is not unitarian, unified, as

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some of the representatives of the Muslim leadership would like it to be, because they are counting on the more numerous Muslim population outvoting, but that the federal army consists of two parts, that is of the Croatian army and the Muslim army, and they would be united in the joint command, joint staff. So, that is what our allies and friends the Americans suggest, who have been most involved in it. Also, in the political sense, the relations within the Federation should be arranged on the basis of cantons, so that Croatian interests are satisfied, as are the interests of the Croatian people in Bosnia-Herzegovina, so the strategic interests of the Croatian state. Bearing in mind that Croatia made the defeat of the Serb units in Bosnia, too, possible, it is necessary that those liberated areas in Bosnia-Herzegovina are put in such cantonal solutions that will satisfy Croatian interests.

[VELEBIT] Mr. President, this is the fifth year since the foundation of the Croatian National Guard, which you formed in the circumstances when bare-handed members of the HDZ [Croatian Democratic Community], or to be more precise, mostly members of the HDZ, made an oath to you. Today, we have the sons of Storm and Flash. It is a wonder of the world, and we here also wonder how you succeeded over four years in creating a force such as is admired by the world today.

[Tudjman] The creation of our Armed Force is the result of the program of establishing and creating an independent, sovereign and democratic Croatia. In that structure, it is understood, we have had to pay special attention, both because of the aggression and the occupation, to the building of the Armed Force. And then, I must say, in as much as it is the result of the general objective of creating the Croatian state and the result of the general revivalist feeling of the Croatian people, so much were we able to achieve it. I am personally well informed on military questions, both from the experience of World War II and from the theoretical viewpoint. I have known what and how to use it, what measures to take related to our opponents, the Yugoslav army, and related to what we had available in Croatia. Now that you mention the very beginnings of the creation of the Croatian Army, then one should remember a couple of tricks. At the time when we were still in the framework of Yugoslavia, when we were still bound by Yugoslav constitutional order and international order, the major accusations against us before the world were that the Croatian leadership wanted to create paramilitary units, and that therefore they should have been disabled and removed when Yugoslavia had its regular forces in the Yugoslav army. In these frameworks, I found possibilities of, on one side, strengthening the police force, and, on the other, I remembered that I could form the National Guard within the Ministry of Internal Affairs. So, I used to find the solutions also in the constitutional and judicial sense in creating special formations for the Ministry of Internal Affairs, so I also used to explain that in some of the states of the former Yugoslavia there had been a gendarmerie as well as the police; there is a gendarmerie in France, so why should Croatia not have one? Not only were we accused by Belgrade, but also by the opposition in the Parliament we were accused of forming an HDZ army. It is understood, in such circumstances, we had to rely upon the most conscious part, which had made a decision and which was ready to sacrifice itself even at the greatest risk. So, the opposition in the Parliament, too, was asking about the responsibility for forming such an army. In such a framework, I had to admit anyone who could be used in the creation of an army. However, on the other hand, I had to take care, too, how capable certain people were, including the generals who had applied, and how reliable they were in the political sense. There were also some people who offered themselves to me, or who were, in a way, offered to me, imposed, but some of them very soon proved that they were either incapable or that they were members of the former regime, or of some other foreign circles, to come in [General] Kadijevic's place in the time of [Ante] Markovic, etc. Very soon I asked myself what their limits were, the limits of their skill, and where the limits of provocation or some other policy were. And, as you know, in the beginning there were quick changes in the military leadership, as well as in diplomacy, at the head of the Ministry of Foreign Affairs. As long as it took for me to deal with those who had proved to be incapable of conducting the policy that was needed until Croatia became sovereign, until the creation of such an army, or such a diplomacy, in line with the general idea of the realization of Croatian sovereignty. Actually, the policy of gathering everybody, as was envisaged in the HDZ program, has been the most obvious in the two most delicate fields, in the military and in the diplomatic field. That means that we succeeded in gathering, creating a whole new command and eliminating those who were incapable, in the army, as in diplomacy.

[Tudjman] We have created, as they call it abroad, "an impressive military machine." And Croatia's diplomacy, judging by the skill of those involved in it, is equal to the diplomacy of the great powers.

Some people have asked me: Why were there changes in the military leadership, even recently, before Operations Flash and Storm? There were some changes to allow for the execution of the plans we had and which we realized before the eyes of the world.

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[VELEBIT] At the very beginning of this interview, you were talking about culture, that is, about a wide circle of cultural workers, scientists, artists, and so on, who have been involved in the creation of the Croatian state and its defense, unlike the narrow circle of the negators of all Croatian achievements. Once, back in 1981, you wrote in your book "The National Question in Contemporary Europe," that Croatian literature, starting from Krleza and Cesarec, all the way to the then relatively young writers, had always followed the line of Croatia, the line of Croatian opposition to the Serbian centralist and hegemonic, that is, Yugoslav Bolshevik, system.

How much has Croatian literature and Croatian culture in general, by depicting such circumstances, that is, by its involvement, helped the preservation and creation of Croatian consciousness, as well as the creation of the Croatian state?

[Tudjman] Very much! Both tendencies have existed in Croatian literature, Croatian culture. When we say both, then we are thinking of the civic integralist Yugoslav one and of the left internationalist and socialist one. One should remember the period of World War I, when the greatest names of Croatian cultural life were pro-Yugoslav, not only Mestrovic [sculptor] and Krleza [writer], but also Kljakovic [painter], Ujevic [poet], Simic [poet], to the extent that the majority of them in 1918-1920 even wanted to accept the ekavski dialect [Serbian language]. But, at that time, in the period of World War I and immediately afterward, that was not anti-Croatian, then the union, the acceptance of that southern Slav idea of the union with Serbia was the basic interest of Croatian people. Because, had there not been that unification, carried out in the political field by Supilo and Trumbic, what would the destiny of Croatia have been? According to the London Treaty, not only Istria, Rijeka, but also Dalmatia would have fallen to Italy, and Slavonia and the larger part of Bosnia-Herzegovina would have fallen to Serbia. Perhaps Croatia would have extended exactly to those borders to which they recently wanted to reduce us by the aggression. But very soon there was a return to moderation, both on the part of this civic Yugoslav integralist side, and even earlier on the part of the Croatian left. The Croatian left, this circle of Krleza, Cesarec, the Cvijic brothers, Horvatin, and Kersovani—had earlier arrived at the conclusion that socialist, communist, internationalist ideas have no footing on Croatian soil unless they accept the request of the Croatian people's right to self-determination for an independent Croatia. According to that, both Yugoslav components were sobering up, along with Trumbic. The leftist element in the cultural field was more Croatian than in the political one. Krleza, Cesarec, Kersovani, they realized as intellectuals that this leftist idea can be fruitful on Croatian soil only if it goes along with the self-determination of the Croatian people. In the political field, those trade union leaders and the others were prone to come under the influence of the internationalism, holding that the national question is unimportant. So, in the cultural field as well as in the communist movement, Croatian intellectuals played a positive role. In the HDZ program, we wanted to unite those extremes, both the civic and the left, and so on. The individuals whose views are narrow, whether clerical or strictly leftist or others, do not understand that.

[VELEBIT] It is apparent that today the Croatian intelligentsia and the Croatian educated classes are completely in line with the Croatian state. Of course, we have mentioned a few negative elements. However, on the other hand, precisely among those who are really determined in the state-forming area, there is certain dissatisfaction, because foreign Maecenases offer such financial opportunities for better working conditions, better fees, than the Croatian state can offer at the moment to those who are absolutely on the Croatian side. Despite all the difficulties, needs, and so on, what can the Croatian state offer to Croatian culture?

[Tudjman] The problem is this: On one hand, there is a positive heritage in the Croatian sense, but, on the other hand there is a negative heritage in the fact that some negators have been the followers of both the Yugoslav line and the internationalist line, unaware of what the creation of one's own state means. The NDH [Independent State of Croatia] has discredited the idea of the Croatian state itself with many people, in its own way, because it was created within the Axis, fascism, Hitler and the new European order. Regardless of the fact that since 1939, since the Croatian-Serbian agreement, since the creation of the Banovina [counties ruled by bans] of Croatia, until 1943, more had been created in Croatian cultural life than before that period, in 50 or 70 years—just look how many things were published then, starting from Encyclopedia Croatica—nevertheless, the fact that the NDH followed the destiny of fascist Italy and Nazi Germany, and not only the destiny but also that the regime was doing stupid things, and even committing crimes; the very fact of the independent Croatia, that is the independent Croatian state, discredited that idea.

[Tudjman] This has left a negative trace within the intelligentsia until today, so that the intelligentsia does not want to identify with the idea of the Croatian state. On the other hand, foreign magnates, sponsors, support everything that goes against the sovereign state, because for such a world the creation of an independent Croatia

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was unacceptable, because it meant the overthrowing of the old European order of Versailles created by the Western world, and because the creation of national states is contrary to various liberal views. And from that standpoint my books "Big Ideas and Small Nations" and "The National Question in Contemporary Europe" have been subjected to attacks. Instead of their cosmopolitan world, the world of Coca-Cola civilization, etc., an internationally recognized, democratic Croatian state has been created. Therefore they automatically looked for those in Croatia who were against the sovereign state. So, in the name of democracy, they give their help to those who are precisely the former representatives and bearers of the communist regime, which is a paradox. But they have not succeeded in stopping us. The official West has had to recognize us, even when they wanted us not to exist or to disappear. So, on our soil, the majority of the state-forming Croatian intelligentsia will generally come to the surface more and more, even in the arts, as it has already been proved.

[VELEBIT] Mr. President, at the end of our interview, could you tell us something about the approaching elections and the liberation of the Croatian territories that are still occupied? Will all your life goals about Croatia come true when these parts of the state are liberated?

[Tudjman] First of all, we will most certainly liberate eastern Slavonia this year, by any available means. I think that the Serbs will be forced to accept peaceful integration. I believe that the international factors, and the bad Serbian situation, and our strength, will make them accept it. If not, then we will have another Storm with even more thunderbolts. So, without doubt, we will have free Croatia and a solution for Bosnia-Herzegovina that provides for Croatianship in Bosnia-Herzegovina, and the strategic interests of Croatian people on the whole, as well as the interests of the Croatian state, regarding the borders that have arisen. Many people remember that as early as 1990, before the first elections, I instinctively predicted the result of Croatia's policy in this regard. My ideals, regarding the realization of the independent Croatian state, will certainly be fulfilled by that. However, it is understood, that in life, there is nothing finished, particularly in a creative sense, but that life goes on, and one has to think of the solution to the other problems. So, the other problems are the return of the Croatian emigrants, at least of a significant number of them, and the building of Croatia, as I often say, not as a phrase, but into a country of complete democratic freedom and welfare of the people. This, of course, depends upon whether we ensure that Croatian freedom, Croatian democracy, and the Croatian state are governed by the most capable people who will know, in the presently changed foreign and internal circumstances, how to use the fact that Croatia has really become not only a recognized, but also a respected and sought-after international entity. And regarding the election results, I think that the HDZ will win a two-thirds majority and that this is in the interest of the Croatian people and the future of the Croatian state, regarding all international circumstances. Conclusions should be drawn from the welcome address of the representative of CSU [Christian Social Union] at the Third Convention of the HDZ. He said that his party had been in power in Germany for, I think, 46 years. Apart from that, for how long have the conservatives ruled in England, for how long De Gaulle or Adenauer, and nobody complained about a lack of democracy. So, only the opponents of the independent Croatian state, that is, the remnants of that blinded Croatianship, that is, the part that was corrupt and bound to the communist regime, who cannot reconcile themselves with Croatian freedom, say that there is no democracy here. It would be good if strong state-forming parties existed, both leftist and rightist.

Serb Negotiator on Rejecting Draft Agreement

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[FBIS Translated Text] Vukovar, 31 Oct (TANJUG)—The council of the Srem-Baranja region today gave its unconditional support to the [Serb negotiating team's] decision not to accept the draft agreement with Croatia offered by international mediators, Thorvald Stoltenberg and Peter Galbraith.

Explaining the reasons for rejecting the agreement to the council, which comprises leading people from the army, police, and all five municipalities in the region, Milan Milanovic, head of the negotiating team, stressed that the Serb side had started the negotiations with two basic aims: to avoid the war and create conditions for around 200,000 people in Srem-Baranja region to continue peacefully living in their homes.

"We have achieved the first goal, at least for the time being. The draft agreement, however, gave Serbs no guarantees of peaceful life or of staying in this territory, which was the main reason for our rejection," Milanovic stressed.

Milanovic added that mediators Galbraith and Stoltenberg only partially accepted two of many Serb requests.

They have also envisaged in the agreement that the transitional period lasts two years (the Croats insisted on one and the Serbs on five) and that, as demanded by the

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Serb side, members of the UN peacekeeping force and not NATO force, as requested by Croatia, be deployed in the region.

"All other versions of the agreement completely diminish the importance of these concessions and amount to an immediate, complete, and unconditional reintegration into Croatia," Milanovic said.

This can be best seen in point nine of the agreement, which envisages that "immediately after the agreement comes into force, Croatia can deploy its policemen and custom officers along the internationally recognized border," Slavko Dokmanovic, council chairman and a negotiating team member, said.

This police force would be accountable to the Croatian government, since the agreement envisages that they "will not be a part of the transitional police force."

The draft agreement, which the Serb side has rejected, also envisages that the Srem-Baranja region be demilitarized in as little as 30 days, which is unacceptable to the Serbs.

Member of the negotiating team Goran Hadzic drew attention in particular to the unacceptable behavior of the international mediators, which "frequently was ultimatum-like."

"Had we held negotiations with Croatia without the mediators," Hadzic added, "we would certainly have fought for a more favorable agreement."

Regardless of everything, the council of the Srem-Baranje region supported the resumption of the negotiating process which, it was said, will unfurl in parallel in both Ohio and Erdut.

In keeping with this, it was announced today that Thorvald Stoltenberg is supposed to arrive in Erdut at 1200 [1100 GMT] tomorrow. The other mediator, Peter Galbraith, has left for Ohio.

TANJUG: Census To Confirm Serb 'Exodus'

LD3010175195 Belgrade TANJUG in English 1331 GMT 30 Oct 95

[FBIS Transcribed Text] Belgrade, Oct 30 (TANJUG)—Croatia is speedily making preparations for a 1996 census whose main goal is to statistically confirm the exodus of the Serbs, the Belgrade daily POLITIKA said on Monday.

As a result of the 1996 census, the Serbs in Croatia will be deprived from their national rights because their part in the total population of Croatia will be drastically lower in the wake of war destructions, particularly after the occupation of the western, northern and southern parts of the republic of Serb Krajina in Croatian offensives in May and August, POLITIKA said.

There were 582,000 Serbs in Croatia in the 1991 census held on the eve of the war in the former Yugoslavia.

Even Croatian analysts said that the 1991 census was held on the border of regularity and as a result 140,000 Serbs statistically disappeared in comparison to previous censuses.

POLITIKA said that in the previous censuses the Serbs had accounted for 15 [percent] of the total population in Croatia which meant that there should have been about 720,000 Serbs in Croatia in 1991, if the number of those who declared themselves as Yugoslavs was equally divided among Serbs and Croats.

This is confirmed by the figures provided by the European Union fact-finding commission and the Red Cross, Assistant Director of the Yugoslav Statistics Institute Dragisa Bjeloglav told POLITIKA.

According to these figures, 415,000 Serbs have sought refuge in the Federal Republic of Yugoslavia since 1991 (around 200,000 Serbs fled the republic of Serb Krajina after the Croatian offensive in August), Bjeloglav said.

Moreover, if one takes into account that 130,000 Serbs who remain in the Srem-Baranja area and that 60,000 Serbs from Croatia have gone abroad, it is evident there had been 700,000 Serbs in Croatia in 1991, and not 580,000, Bjeloglav said.

POLITIKA quoted Croatian demographer Vladimir Zerajic as saying in an interview with the Croatian weekly NEDELJNA DALMACIJA that only 300,000 Serbs had left Croatia "voluntarily" since 1991, including 110,000 in the latest Croatian offensives.

If these figures were combined with those of international institutions on the number of Serbs in the Srem-Baranja area and the number of Serb refugees in the Federal Republic of Yugoslavia and abroad, it would mean that there were no Serbs left in Croatia, POLITIKA said.

Future of Mostar Discussed on Television

LD3110224495 Zagreb HTV Television in Serbo-Croatian 1830 GMT 31 Oct 95

[FBIS Translated Text] At yesterday's meeting of the foreign ministers of the European Union [EU] member countries in Luxembourg, Hans Koschnick, EU administrator in Mostar, spoke about how he sees things in this city, and how the memorandum on understanding is being implemented. He made several complaints about the Croat side. We now have some initial reactions:

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[Corespondent] In more concrete terms Koschnick said that on the Croat side there is no will to ensure the freedom of movement for all citizens of Mostar, the establishment of a joint police force, and the return of Mostar refugees to their apartments. Mijo Brajkovic, president of the Mostar municipal council, while not wanting to reply to Koschnick's standpoints, stresses:

[Begin Brajkovic recording] If you are talking about displaced persons and the return of people to their apartments, we cannot allow—how could we—people to return to west Mostar when it has living in it 16,000 displaced persons who were displaced or made refugees by the Bosnia-Herzegovina Army. Where would we put these people now? Which apartments would they return to? You know we must have such a process throughout the federation. As regards the police, we will do everything as soon as we see Bosniak and Croat police in the same car in the federation and once there is a federal police. [end recording]

[Correspondent] Brajkovic criticizes Koschnick for not mentioning at all in Luxembourg the refusal of the Bosniak side to sign an agreement on the reconstruction of the hydroelectric power stations on the Neretva, something the EU insisted on and something which was the seed of numerous disagreements. But he adds:

[Begin Brajkovic recording] We want one city. We have said this 100 times. But we want a city with two or more municipalities where each side, not only the Croat side, is fully able to express its identity—its national, cultural, and religious identity. I do not know what is strange about this. This is how things are throughout Europe and the world. [end recording]

[Correspondent] Finally, it should probably be said that Mostar will carry on existing even after the expiry of the EU mandate. It will exist within the federation of Bosniaks and Croats, and its future, regardless of who might want this, cannot be resolved outside the fate of this same federation.

Effects of Krsko Nuclear Plant Closure Assessed

AU3010195395 Zagreb VJESNIK in Serbo-Croatian 28 Oct 95 p 15

[Report by Zeljko Buksa: "Slovenes Demand Closure of Krsko Nuclear Plant, While Croats Demand Electricity"]

[FBIS Translated Text] Zagreb—The latest proposal by 37 members of the Slovene Parliament that a referendum be held on the early closure of the Krsko nuclear plant in the next 10 years at the latest was the main topic of a news conference held in the Ministry of Economy.

"Considering that the nuclear plant is on their territory, Slovenia has the legitimate right to hold a referendum, and Croatia cannot have any influence over it. However, if they do decide on the early closure of the nuclear plant, one of whose co-owners is also Croatia, we will demand the delivery of 2 billion kWH of electricity at today's price every year until 2023, when the working life of the plant is supposed to end. We have already prepared analyses of the consequences of the plant's closure, and if this happens, we expect Slovenia to behave correctly." This was stated by Vladimir Kramberger, assistant in the Ministry of Economy, at a news conference. He also said that he could not go into the political assessment of the proposal by the members of the Slovene Parliament.

The nuclear plant provides about 20 percent of Croatia's annual electricity needs (and about 24 percent of Slovenia's). Its construction cost more than 1$ billion and it is therefore clear that Croatia will not give up its valuable ownership. The question is however what the outcome of the referendum is going to be, as there are many Slovenes who have nothing against the nuclear plant. The others will probably think carefully as electricity that Slovenia would have to deliver to Croatian would be worth about $80 million a year.

Kazimir Vrankic of the Croatian Electricity Board said that the Slovenes planned the referendum as far back as 1992, but did not hold it. He said that the latest proposal by some members of the parliament will affect the funds for steam generators and the decommissioning of the nuclear plant because no one will want to put millions of dollars in a plant whose future is uncertain. Josip Aralica, deputy head of the nuclear plant, has said that it was a normal practice in the world to accrue money for the plants' decommissioning during their working life, and that the one who demands early closure should bear of all the consequences of it.

Aralica stressed that the plant is in the good working order and that there were no safety reasons for its early closure. Petar Strohal from the International Atomic Agency has said that the Westinghouse often cites Krsko nuclear plant as an example of a nuclear plant that functions well.

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Their statements were confirmed by the latest report on the work of the nuclear plant between July and September, from which one can see that all discharges in the environment were well below the allowed levels. Thenuclear plant was shut twice in August and September, but, according to Ivo Valcic, head of the safety department in the Ministry of Economy, there were no major problems.

The second supercompacting (reducing volume) of the medium and low radioactive waste that is kept in a temporary storage at the nuclear plant will start at the beginning of November this year. Thanks to this action, space will be created in this increasingly full storage for nuclear waste that will be generated in the next few years.

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EU Parliamentary Delegation's Activities

LD3110204795 Belgrade SRNA in Serbo-Croatian 1731 GMT 31 Oct 95

[FBIS Translated Excerpt] Skopje, 31 Oct (SRNA)—Doris Pack, head of a European parliamentary delegation, said in Skopje today that the EU will most probably open an embassy in the capital of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] in mid-December.

The EU delegation arrived on a two-day visit to Macedonia today at the invitation of Assembly Speaker Stojan Andov.

After the talks with Andov and representatives of parliamentary and nonparliamentary parties, Pack stated that the inclusion of Macedonia in the PHARE [Economic Reconstruction Aid for Poland and Hungary] program and the signing of an agreement on cooperation and trade with the EU are not far off. [passage omitted]

The European parliamentary delegation is to have talks tomorrow with Prime Minister Branko Crvenkovski. It will also visit the municipality of Tetovo in west Macedonia, which has a majority Albanian population.

Greek Border System 'Not Going as Planned'

AU3110140895 Skopje MIC in English 30 Oct 95

[FBIS Transcribed Text] The Greek border officials at the crossings Evzoni and Dojran, on the Greek-Macedonian [The Former Yugoslav Republic of Macedonia—FYROM] border, started accepting the green cards for the insurance of Macedonian vehicles from yesterday afternoon. This means that the payment of 160 German marks [DM] for cars and DM500 for trucks is no longer valid.

Unlike before, visas are issued much faster, which has enabled some ten Macedonian vehicles to enter Greece. In the railway traffic, Macedonians travelling with the express trains for Salonika and Athens are still required to show DM400 at the border. If not, they are sent back, which is exactly what happened to some people from Kavadarci two days ago. The dynamics of the transportation of crude oil from the Salonika port is not going as planned. Instead of the planned four compositions in one day, the transport is carried out with two compositions per day, which are brought to the railway station in Gevgelija by Greek engines, which then return back to Greece with empty wagon cisterns.

Red Cross Refused Entry

AU0111105095 Skopje MIC in English 31 Oct 95

[FBIS Transcribed Text] Yesterday, the Greek authorities did not even allow the visit of the delegation of the Macedonian [The Former Yugoslav Republic of Macedonia—FYROM] Red Cross to Greece to be realized, which was invited by the Greek Red Cross, VECER writes. Even though a representative of the Red Cross from Athens came to the border to welcome the Macedonian delegation, the Greek police officers did not issue visas to the head of the Macedonian delegation, the secretary-general of this organization Ivan Narashanov, and the other members of the delegation. Once again, this illustrates the discrimination against the Macedonian citizens, even when they are on official, i.e., humanitarian missions.

The delegation of the Macedonian Red Cross turned back and called the Greek Red Cross from Gevgelija to express regret for this unfortunate incident and to invite the leaderships of the two organizations to hold a meeting in Skopje.

Transport Ministry Delegation Visits Bulgaria

AU0111104995 Skopje MIC in English 31 Oct 95

[FBIS Transcribed Text] At the invitation of the Bulgarian Transport Minister Stamen Stamenov, a delegation of our Ministry of Transport and Connections, led by minister Dimitar Buzlevski, paid a two-day visit to Bulgaria last week. The two sides discussed in detail all the aspects surrounding the transport and connections between the two neighboring countries, as well as ways of eliminating certain weaknesses and omissions. Furthermore, the two sides agreed to hold separate expert meetings between representatives of the two ministries, for working out different transport segments.

According to Boris Chaushevski, Under Secretary in the Macedonian Transport Ministry, who took part in the meeting, the two sides exchanged information on the activities in relation to the railway connection between the two countries, and it has been agreed, within a month, for our side to deliver the Bulgarians a plan of our activities regarding the construction of the railroad, so that it can be coordinated.

With a view to eliminating the weaknesses in the passenger transport on the border points, it has been agreed to hold a meeting within a month, between the experts from the competent ministries of interior affairs and transport, and the Customs authorities.

More Border Points Planned

AU0111104595 Skopje MIC in English 31 Oct 95

[FBIS Transcribed Text] Bulgaria has taken on the obligation to speed up activities surrounding the adaptation of the existing border points Gjueshevo, Stanki Lisickovo and Zlatarevo. The Macedonian side emphasized the need to speed up activities for opening

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up new border points—Berovo-Sandanski, Pehchevo-Simitli and Crna Skala-Crevarica, for which Bulgaria is not ready at the moment. It was proposed for the object on Macedonian territory at the crossing Berovo-Sandanski to be used by both sides. In regard to the problem of charging money for Macedonian vehicles entering Bulgaria, at some border points, which is contrary to the protocol for road transport between the two countries, the obligation has been taken to eliminate these measures.

Another matter that was discussed was the possibility of renting out one dock to Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] in the Burgas port, as a free zone, which will be reviewed additionally.

At the meeting, it was agreed to organize meetings of the Department for civil air traffic, whereby the text of the Agreement on air traffic between the two countries has to be coordinated. The increase in the number of flights between Skopje and Sofia will be discussed, as well as the possibility of transit of Macedonian passengers through the Sofia airport, for intercontinental flights.

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Daily: Decision Being Delayed on Troops for Bosnia

WS3110152395 Warsaw ZYCIE WARSZAWY in Polish 30 Oct 95 p 3

[Article by "CEG," "GJ," and "LUZ:" "They Are Waiting in Brussels; MON Head Said 'A,' Government Afraid To Say 'B'"]

[FBIS Translated Text] *NATO asks Poland whom we would like to send to Bosnia and when. Poland, however, is silent because the government does not want to make any decision on this issue and is not likely to do so before the elections. "The decision will be very unpopular," expect officials at the National Defense Ministry [MON], the Foreign Affairs Ministry [MSZ], and the Belweder.*

The first declaration regarding participation of Polish troops in operations in Bosnia was made a month ago by MON head Zbigniew Okonski during his visit to NATO headquarters. "That stood to reason inasmuch as we aspire to become members of the organization. It should not be any problem for our country to send its troops to Bosnia," he explained later on.

Elites Are Unanimous

This declaration was not questioned by any of the major groupings. "That is the scene of the greatest tragedy and the biggest exodus that has taken place on our continent since World War II. Therefore, it is in our interest to restore peace there. Moreover, it is a wise step in the direction of Poland's integration into NATO, though this is not the most important thing in this case," believes Tadeusz Iwinski (Democratic Left Alliance), who returned from Bosnia two weeks ago.

The president also approves of the idea. "If we want to be part of the family of nations, we must act like that family. We ought not to try to back out of that," Lech Walesa told us a few days ago.

People Are of a Different Opinion

Soldiers sent by NATO (and not, as has been so far, by the UN) will supervise observance of the cease-fire by the parties of the conflict in former Yugoslavia. There is no doubt that the mission will be more dangerous than the previous ones. Until recently, soldiers were allowed to use guns only if their lives were in danger; now they are allowed to do so also when the rules of the cease-fire are violated.

It cannot be ruled out that, for this reason, among others, in late September only 7 percent of Poles definitely supported participation of our soldiers in "firmer military operations" in that region.

"All of the trouble has been caused by the poll," a high-ranking MSZ official explains. "Quite unexpectedly, there appeared an additional problem: How, during the election campaign, could the remaining 93 percent of the people be persuaded that the issue is first of all in our interests? We decided that holding the discussion before the elections might yield bad results, and we postponed the issue."

Thus, Government Is Dawdling

Decisions as to whether our troops are to be sent to Bosnia should be made by our government, but it is silent. In a television program entitled "VIP," which was broadcast last Friday, Defense Deputy Minister Andrzej Karkoszka admitted that the MSZ and his ministry had already submitted motions regarding these issues to the Office of the Council of Ministers. He also gave assurances that there should not be any great hurry to examine those motions. "After all, the entire issue transpired a week ago," he said.

The government is worried not only by polls; it is also concerned abou money. So far the UN has paid for our participation in missions of this organization. Now, because NATO is planning the mission, we will have to either ask Brussels for support or try to find some money in our budget.

It is already known that quite large sums may be needed: only bigger wages will attract volunteer soldiers quickly and easily. It is worth recalling that last summer, when the situation in former Yugoslavia was aggravated, the Army had fewer Blue Helmets willing to leave for the Balkans.

They Are Waiting at NATO

Meanwhile, as we found out in Mons, near Brussels, where the headquarters of NATO Forces in Europe is located, Poland as well as other Central-East European countries were initially and informally asked a few weeks ago about their participation in the mission. So far, however, only Ukraine has provided a positive answer, whereas we have not replied at all yet.

NATO particularly wants to see in Bosnia soldiers of the countries of our region that have joined the Partnership for Peace program. "This is in line with the philosophy of Brussels: First show what you are able to do, and then we will see whether you are fit to join our society," servicemen explain.

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Are you in favor of Poland's integration into NATO?	
	Percent
Yes	78
No	9
Hard to tell	13

If a decision were made that firmer action should be taken in Bosnia, should Polish soldiers participate in them?	
	Percent
They definitely should	7
They probably should not	28
They definitely should not	19
They probably should not	31
Hard to tell	15

* * *

The above information was presented on the basis of a poll taken by the Center for Research on Public Opinion.

1995 Presidential Election Highlights No 2

96P20055A

[FBIS Media Note] Between September and October, incumbent president Lech Walesa moved up in the public opinion polls more than any other presidential candidate. His popularity soared from 11.6 percent to 18.2 percent, indicating that he will likely face SLD (Democratic Left Alliance) candidate Aleksander Kwasniewski in the second round of elections on 19 November.

The 18 October RZECZPOSPOLITA, comparing the results of different surveys conducted during the month of October, concluded that the polls all show similar trends. Aleksander Kwasniewski is supported by 27 percent of those polled in the CBOS (Public Opinion Research Center) survey, 30 percent in the OBOP (Center for Research on Public Opinion) poll, and 27 percent in the public opinion survey done by DEMOSKOP. Lech Walesa's rating is 17, 18, and 15 percent respectively, and National Bank of Poland President Hanna Gronkiewicz-Waltz logged in at 12, 13, and 11 percent respectively. According to the OBOP poll, 70 percent say they will vote, while CBOS reports 60 percent, indicating a higher turnout than that recorded in the 1993 parliamentary elections.

The Solidarity National Commission (KK) held its meeting on 18 October, as reported by the 19 October PAP, during which 62 percent of the delegates supported Walesa's candidacy in the upcoming elections. Jan Olszewski and Gronkiewicz-Waltz garnered 22 percent and 10 percent of the votes respectively. The Solidarity National Comission appealed to union members and all citizens to "take part in the presidential elections and vote for Lech Walesa." At the meeting it was emphasized that Solidarity " expects" the president to support the Solidarity trade union agenda, namely the adoption of a "proper constitution, mass economic enfranchisement of the citizens, improvement of the pension system, and a profamily tax system."

In an interview for the 28 September TYGODNIK MALOPOLSKA, Solidarity leader Marian Krzaklewski critically evaluated the current fragmentation of the right wing parties. In his opinion, the right wing groups should "act jointly"; instead of that, "they failed to assume a common platform for the post-Solidarity camp and to endorse one candidate" which, in Krzaklewski's judgement, "impedes cooperation with the trade union." Krzaklewski cautioned that Solidarity may return as a social movement [as in 1989] if the political situation deteriorates, "in case of external or internal threats to Poland and its citizens." Then, continued Krzaklewski, in order to complete Solidarity's revolution it may be necessary to "do it all over again."

The 7 October Warsaw weekly POLITYKA raised the question, prompted by the "abundancy" of candidates—there are 17—whether the 1990 law on presidential elections should be changed. The requirement of 100,000 petition signatures proved "so easy to fulfill" that in the next elections "10 times" as many candidates may be on the ballot, cautioned POLITYKA political reporter Janina Paradowska. She also warned of possible abuses of the presidential elections campaign forum by those who simply want to gain added publicity for themselves or, thanks to free access to the media, to advertise their own products. She mentioned a current example illustrating such behavior, Kazimierz Piotrowicz, who has used his candidacy to spread the word on his invention of shoe inserts with "healing powers." Paradowska offered the following suggestions to improve the current presidential election law: raise the number of petition signatures to 300 thousand or even 500 thousand, and require money deposits and/or letters of recommendation from prominent people or organizations.

Evaluating the chances of the candidates presently running, Paradowska noted that "none of them" up to now "had been able to build" support capable of "counterbalancing" the SLD (Democratic Left Alliance) or PSL (Polish Peasant Party) electorates. In Paradowska's opinion, the current candidates representing the center-right are faced with the "next round of the debates,"

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prior to the election date, in order to convince themselves that some of them should "resign for the sake of the others" and to demonstrate to the electorate that it is seriously being considered by the presidential candidates. If any of the right wing candidates resigns, concludes Paradowska, the first round of the elections will "look like a lottery" and a "photofinish" will determine the winner.

President Walesa, during his campaign meetings on 14-15 October in Lublin in eastern Poland and in Upper Silesia, said that his support is growing and maintained that he will "get 65 percent of the votes in the first round of the elections." He said "many projects started during my term in office have not yet been completed," as reported by the 16 October POLONIA TV WIADOMOSCI.

According to an article in the 5 October conservative weekly GAZETA POLSKA and repeated in the 15 October issue of the Catholic weekly LAD, Krzysztof Wyszkowski, a former Solidarity organizer, charged Walesa with exploiting the political events for the benefit of his campaign. In Wyszkowski's opinion, Walesa is going to use one of two scenarios to be reelected. The first, described by Wyszkowski as "minimal," would result from Walesa resolving some sort of "critical event or situation," an action that would boost his popularity and earn him an additional 10 percent of the votes, advancing him to the second round. The "maximum" scenario would require an escalation of Russian-American tensions, with threats against Poland by Yeltsin on the one hand and "full support for Walesa" from President Clinton on the other. Such circumstances, Wyszkowski concludes, would create a context for "presenting Walesa as a strong leader" to whom the nation can give "the helm of the country" with "extraordinary prerogatives."

The SLD daily TRYBUNA on 12 October in an article titled "Is Walesa Destabilizing the State?" quotes Wyszkowski's statement from LAD, in which he said, "we [the Poles] should be prepared, during the course of this short campaign, for some sort of dramatic event." This would be, according to Wyszkowski, some kind of "national security provocation," without which Walesa's chances for reelection, in Wyszkowski's opinion, are "none." TRYBUNA asserts that Wyszkowski's statement could be interpreted in two ways: First, as a warning not to vote "for a person who would do anything to get reelected." Second, as a sign that not electing Walesa for a second term could destabilize the state.

Center Alliance To Support Olszewski

LD3110132295 Warsaw PAP in Polish 1215 GMT 31 Oct 95

[FBIS Translated Text] Warsaw, 31 Oct—After Lech Kaczynski withdrew yesterday from running in the presidential election, the Center Alliance Main Board decided to support Jan Olszewski. This was announced today at a news conference in Warsaw.

Poll Shows Kwasniewski, Walesa Still Well Ahead

LD3110132995 Warsaw Polskie Radio First Program Network in Polish 1300 GMT 31 Oct 95

[FBIS Translated Text] According to the latest opinion poll by Demoskop, Aleksander Kwasniewski and Lech Walesa have the best chances in the presidential elections: 26 percent of the respondents intend to vote for Aleksander Kwasniewski and 24 percent for Lech Walesa. Leszek Bubel came last on the list of candidates.

A total of 82 percent of the respondents intend to vote in the elections. The current president's electorate increased by 9 percent during the past two weeks. Hanna Gronkiewicz-Waltz and Jacek Kuron each enjoy the support of 3 percent of the electorate.

Kwasniewski's Wife Accused in Major Scandal

WS3110154795 Warsaw ZYCIE WARSZAWY in Polish 31 Oct-1 Nov 95 pp 1-2

[Article by Piotr Wysocki, "KAC," "AA": "The Red Web Continued"]

[FBIS Translated Text] *[Presidential candidate and chairman of the Democratic Left Alliance—SLD] Kwasniewski and [Prime Minister] Oleksy have said that the ZYCIE WARSZAWY publication of a story on shares held by their wives in the Polisa SA Insurance Company was an appalling manipulation of facts. Mrs. Oleksy intends to sue us in court. None of those involved deny, however, that both ladies do business with people who played a part in the largest economic crimes in recent years.*

ZYCIE WARSZAWY revealed on 28 October that the wives of Aleksander Kwasniewski and Jozef Oleksy hold shares in the Polisa Insurance and Mutual Insurance Association SA. Their business partners include, among others, former members of the Polish United Workers Party [PZPR] *nomenklatura* and individuals who were involved in the affairs of the Foreign Debt Service Fund [FOZZ], Bogatin's bank, and Bank Slaski.

During a news conference on 30 October, Aleksander Kwasniewski assured reporters that his wife had purchased Polisa shares on the free market. In a statement

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for "Wiadomosci" [main television newscast], however, a representative of Polisa admitted that the shares were distributed "among friends and acquaintances."

The postcommunist presidential candidate stated that our report was an element of the election campaign. He accused ZYCIE WARSZAWY of publishing false reports and of manipulation. He presented a letter written by his wife (which we are publishing in full on page 2). Jolanta Kwasniewska admits having purchased Polisa shares for 489 old zlotys [Z] (on the basis of court registration files, we have estimated their value at Z1.6 billion].

Kwasniewski stressed that early this year he carried out a partition of his and his wife's property. He was unable to provide a specific date or a notary document to prove this.

Pressed by the reporters, Kwasniewski refused to give detailed information on his wife's business partners, who deal with people involved in the biggest economic crimes. He said he would not reveal the contents of the financial disclosure statement he submitted to the speaker of the Sejm. GAZETA WYBORCZA asked him to do so in a report on Polisa carried on 30 October.

When asked whether any of the shareholders of Polisa are financing his campaign, he replied that it is financed exclusively by his wife.

"I admit that my wife does hold Polisa shares, but they are worth 20 times less than ZYCIE WARSZAWY claims," said Prime Minister Jozef Oleksy at a news conference. "She intends to sue ZYCIE WARSZAWY for a sum that would account for the difference between the actual value of the shares and the amount quoted by the daily."

That difference would be between the Z2.6 billion [old] we quoted and the "real" value of the shares held by Mrs. Oleksy. It is not easy to assess their real value because Polisa quotes different figures, depending on whether the information was disclosed to the Stock Exchange Commission, the court of registration, or reporters.

The prime minister also said that our report is an example of resorting to "dirty methods" so as to discredit the government.

"I find the fact that false information is being spread very disquieting," said Oleksy. "This is exceptionally hideous. Freedom of speech should not be used to disseminate lies."

The prime minister claims that ZYCIE WARSZAWY is blinded by political hatred.

Justice Minister Jerzy Jaskiernia of the SLD was also asked for his reaction to the ZYCIE WARSZAWY report.

"One may hardly speak of charges. The law was not violated here," said Jaskiernia. He does not see anything improper in the whole case. "This is a problem of the openness of public life, of what public figures and their families are allowed to do."

Foreign press agencies, among them the ASSOCIATED PRESS and REUTER, widely reported our Saturday publication entitled "Red Web."

On Monday, Polisa revealed the amount and value of shares held by Maria Oleksy and Jolanta Kwasniewska. It turned out that the company gave different data to the court, the Stock Exchange Commission, and the reporters.

Yesterday, the Polisa Insurance and Mutual Insurance Association SA confirmed the ZYCIE WARSZAWY report that Maria Oleksy and Jolanta Kwasniewska are shareholders.

According to information disclosed to reporters, Mrs. Oleksy holds 15,162 shares. In the Saturday edition of ZYCIE WARSZAWY, we wrongly wrote that the prime minister's wife is the owner of more than 36,000 shares, for which we apologize.

Dubious Documents

According to Polisa, Jolanta Kwasniewska holds 31,332 shares, for which she paid more than Z391 million [old]. We wrote in the Saturday edition of ZYCIE WARSZAWY, on the basis of court registration files, that the wife of the SLD chairman has only some 23,000 shares (our estimates show she must have paid Z1.6 billion [old]). Mrs. Kwasniewska herself, in the letter enclosed below, says she is the owner of Polisa shares for which she paid Z489 million [old]. This may mean that she owns more shares than the Polisa statement would indicate.

The files of the District Court in Warsaw, which ZYCIE WARSZAWY accessed, show that the nominal value of each share owned by, among others, Maria Oleksy and Jolanta Kwasniewska was Z2.5. Their issuing price was fixed at Z7.2. The Commercial Code states that, if shares have a nominal and issuing price, the shareholder must pay the issuing price at the time of purchase. The purchases are listed in the court register. We thus multiplied the number of shares by the isssuing price (Z7.2), and not, as Polisa did, by the nominal price (Z2.5). That is why Polisa claims Mrs. Oleksy paid some Z136 million [old] for shares we have estimated to be worth more than Z1 billion [old].

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A dispatch prepared by Polisa for reporters claims that the wives of the prime minister and the SLD chairman purchased shares of the E and F series for Z2.5 each. Polisa quotes the same price in a letter sent to ZYCIE WARSZAWY. The prospectus submitted to the Stock Exchange Commission, however, describes the shares of the E series as "regular shares with a nominal value of Z0.1 thousand [new] and an issuing value of Z0.35 thousand [new]."

In reporting on the value of Polisa shares held by the wives of Oleksy and Kwasniewski, ZYCIE WARSZAWY quoted registration court files. As one may see, they are quite different from the information relayed to the Stock Exchange Commission.

Such divergencies make it practically impossible to assess the value of the shares held by the wives of the SLD leaders, especially because stock exchange analysts claim that their value is several times higher, considering that Polisa is considered to be the third-largest insurance company after Warta and the State Insurance Bureau [PZU].

Polisa Confirms and Denies

In the letter to ZYCIE WARSZAWY, Polisa confirmed the information on who is the largest shareholder in the company. It straightened out our reports on the distribution of shares.

As we have already said, the biggest shareholders in Polisa are the Spolnota Pracy Cooperative Corporation (7.42 percent), two companies controlled by the BIG SA bank—Bel Leasing and Forin—jointly holding 10.16 percent of shares, the Agency for Economic Development (6.25 percent), and the Agency for Farm Property of the State Treasury (1.15 percent).

Polisa denies that Cisco, a company formed by former PZU presidents, is a shareholder. Court registration files indicate, however, that the company held privileged shares, the sales of which should be registered in court. The files do not contain any information of the sort.

Insure Yourself in Polisa

Information obtained by ZYCIE WARSZAWY indicates that, in 1992, members of the Parkowa housing cooperative were encouraged to insure their newly purchased apartments in Polisa. As ZYCIE WARSZAWY learned from an anonymous member of the Parkowa cooperative, these were unfurnished apartments in houses built by Savim, a company co-owned by Janina Sawic, a Polisa shareholder and wife of the former head of the Culture Department of the Central Committee of the PZPR, Tadeusz Sawic (who also holds shares in Polisa).

"We were told that no other company would insure such apartments," said our interlocutor. "Only after I bought an insurance policy from Polisa did I obtain a notarized document certifying that I am the owner of the apartment."

* * *

Maria Oleksy: To the Chief Editor of ZYCIE WARSZAWY

Dear Sir,

I wish to ask you to straighten out the false information published in the articles "Red Web" and "Polisa for Comrades" (ZYCIE WARSZAWY, 28 October 1995, No. 294) on the amount and value of shares I own in the Polisa Insurance and Mutual Insurance Association. The information about me is a plain lie.

I wish to warn of legal consequences.

* * *

Jolanta Kwasniewska: To the Chief Editor of ZYCIE WARSZAWY

Dear Sir!

On 28 and 30 October 1995, ZYCIE WARSZAWY published two articles, "Red Web," with the subtitle "Kwasniewska, Oleksy, Gorywoda, Sadowski," and "Wives Should Be Beyond Suspicion."

These publications prove a high intensity of ill will, a lack of reliability, and a manipulation of public opinion. I wish to inform you that I have been carrying out my own business activities since 1991. The money I have left after paying taxes and other fees is spent on my personal needs and for legal purposes, including investment.

In the period between April 1994 and May 1995, I purchased ordinary bearer's shares in the Polisa Insurance and Mutual Insurance Company SA for the total amount of Z489 million [old] on the free market.

The purchase was made in observance of all legal regulations and the statute of the company.

The fact that your paper quoted the value of the shares I own at Z1.6 billion [old] violates every principle of responsibility.

Pointing out any connections between my investments and the public activities of my husband in your paper is targeted against my personal and entrepreneurial freedom.

I wish to warn you by this letter that there may be legal consequences.

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* * *

Some of the Shareholders of the Polisa Insurance and Mutual Insurance Association SA:

—Maria Oleksy, the prime minister's wife

—Jolanta Kwasniewska, wife of the SLD chairman

—Agency for Farm Property of the State Treasury

—State Fund for the Rehabilitation of the Handicapped, accused of numerous frauds, supervised by former member of the Central Committee of the PZPR and current Labor Minister Leszek Miller

—Agency of Economic Development, the establishment of which by former Minister for Foreign Economic Cooperation Leslaw Podkanski was questioned by the Supreme Chamber of Control

—Animex Bank, currently under liquidation

—Spolnota Pracy, a cooperative that took over almost the entire property of the Central Union of Labor Cooperatives dissolved in 1990

—BIG SA, the bank the financial power of which was based on funds generated by FOZZ

—Antoni Pieniazek, partner and supporter of David Bogatin (currently serving a jail sentence in the United States), founder of the First Commercial Bank in Lublin

—Ireneusz Nawrocki, president of the XI Board of the National Investment Fund, close colleague of [Privatization] Minister Wieslaw Kaczmarek

—Waldemar Krajewski, formerly head of the PZPR Company Committee at the Radio and Television Committee, business partner of Grzegorz Zmek, the chief suspect in the FOZZ affair

—Krzysztof Czeszejko-Sochacki, Grzegorz Zemek's defendant in the FOZZ trial

—Andrzej Wroblewski, deputy finance minister in M.F. Rakowski's government, did business with FOZZ and Henryk Chmielak

—Tadeusz Sawic, former head of the Culture Department of the PZPR Central Committee

—Henryk Chmielak, former deputy finance minister, considered by the prosecutor's office to be an accomplice in the Bank Slaski affair

—Zdzislaw Sadowski, deputy prime minister in Z. Messner's cabinet

—Manfred Gorywoda, former member of the Central Committee of the PZPR, deputy prime minister in Z. Messner's cabinet.

Kwasniewski on Elections, NATO, EU, Russia

BR3110143795 Milan IL SOLE-24 ORE in Italian 27 Oct 95 p 7

[Interview with Aleksander Kwasniewski, leader of the Polish Democratic Left Alliance, by Attilio Geroni in Warsaw; date not given: "Neocommunists? No Thank You!"]

[FBIS Translated Text] *Young Aleksander has always known that the face of his real enemy in the presidential election would sport the drooping, now gray, whiskers of the "old" Lech because, of all the candidates, he said, "he is the most easily identifiable figure, the one with the greatest political talent, capable of picking up the votes of the floating voters, because his presidency is not an unknown quantity: We already know how it went."*

Aleksander Kwasniewski, leader of the Democratic Left Alliance (SLD), the party that has inherited the communist legacy, is 41 years old. Since last June, he and his wife, Jolanda, have been touring the length and breadth of Poland in a red bus. He was the first candidate to announce his presidential aspirations, taking such a long run at it that he may be losing stamina. Serving President Walesa is now close on his heels, and he admitted that he is "in a difficult situation, psychologically as well, because actually I have been leading this presidential race for two years now"—in other words, since the opinion polls showed that he had become the country's most popular figure in the wake of his party's victory in the 1993 general election.

[Geroni] According to a number of experts, you will win the first round but lose the second, when all of the center-right votes, which, on paper, exceed those of the left, converge on your opponent.

[Kwasniewski] I invite you to accompany me on my travels by bus through Poland for just one day. You will see that these sums are meaningless. My electorate is broadening considerably, especially among young people and women. Anyway, there is no saying that, when the center-right party tells people to vote for a certain person, they will follow its instructions. If Kuron, Zielinski, and Pavlak do not get past the first round, I will be able to count on a portion of their votes.

[Geroni] Your party, the SLD, arouses great doubts: You represent its most attractive face, but inside it is swarming with the old wolves of the former regime.

[Kwasniewski] In 1990, 60,000 members of the old PZPR [Polish United Workers Party], which had 2 million card-carrying members, joined our party: people with left-wing convictions, but also people who did not want to accept defeat at a time when the left was being

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trashed on all sides. In recent years, we have been the ones who have backed privatization, often encountering protests and resistance from our voters. We are the ones who are proposing a reform of the welfare system. We are turning into a social democratic party in the sense attributed to the term in the West.

Talk of harking back to the past is a red herring. All people ask is that their dignity be safeguarded. The right's mistake has been to tell the Poles that what they did before was worthless. My voters are largely prodemocracy, in favor of the free market, but social policy conscious and with expectations of the welfare state, and they are entirely pro-European. Voices are never raised at my rallies against NATO or the EU. We cannot take a static view of the electorate. The period of change affects everyone.

[Geroni] As chairman of the parliamentary committee charged with the project, you have embarked on a collision course with the Polish church precisely on the face of the new constitution. Does the fact that the bishops have entered the fray to hinder your presidential campaign occasion you greater annoyance or concern?

[Kwasniewski] You can look at it from two points of view. Before the church launched its attack, I had 25-percent support, but now it borders on 30 percent. I could say that nothing helps me more than the bishops' attacks. But that is not a very-long-term view. The main thing is for Poland to achieve social peace again. This is why we have to lay down stable, precise relations between church and state, between the Catholic majority and the believing and nonbelieving minorities.

[Geroni] How?

[Kwasniewski] I am convinced that we can write this new type of relationship into the constitution and that this will create a balanced social order based on a number of fundamental principles, such as a full guarantee of freedom of conscience for every citizen, absolute equality of mission and freedom among the churches, state neutrality, and collaboration between church and state wherever it brings social benefits.

[Geroni] Nevertheless, the bishops would appear not to approve of this vision of yours of the new Poland.

[Kwasniewski] The Polish church is encountering considerable problems in coming to terms with the new social situation. As an institution, it has great experience in fighting to defend national, Catholic values, especially in conditions of restricted freedom and sovereignty. And, in this connection, I believe it has performed an enormous role that cannot be called into question. But now it is facing a completely new situation called democracy, free market, an open door on the world. Democracy does not call for political mediation on the part of the church; anyone can set up a political party and go and vote. An open door on the world implies the arrival of different values in Poland, some of them welcomed by the church and others that the church wants to forbid. Our bishops have not yet come up with a response to this challenge, and some of them are trying to fight it with administrative measures, even attempting to get certain types of prohibition or imposition onto the statute books or write them into the constitution.

[Geroni] You have said that integration into NATO and the European Union is one of the pillars of your election platform. Do you, as a left-wing candidate, see joining the EU or NATO as the more urgent priority?

[Kwasniewski] The two go hand in hand, although only up to a certain point. The dilemma then will be: What do we wash first: our neck, our teeth, our arms, or our hands? I think our interest lies in both things. The EU obviously represents our membership in Europe's economic and political system on an equal footing. NATO is an effective guarantee of security for Poland. The past has shown us in no uncertain terms that, being a flat country located right at the center of Europe, the war that does not cross our land does not exist.

[Geroni] Talking of geopolitics, will opting for Europe and the Atlantic alliance not make your relations with Russia more difficult?

[Kwasniewski] When the time comes for us to negotiate membership in Western political, economic, and military structures, we also have to get busy with Moscow and the other republics. Our intentions must be clear: They are not anti-Russian intentions; we do not want to divide Europe once again, this time along the River Bug. If we have good relations with our neighbors, it will be a convincing argument in our favor with our Western associates. Poland will be a factor for European stability, not a focus for doubt and conflict. The enlargement of NATO and the EU has to be seen within the context of a uniting Europe. From the Polish point of view, the process did not end with the unification of the two Germanys, so the question is: How do we want to create this new European architecture? It is in our interests that a democratic Russia with a healthy economy, a Russia capable of curbing nationalist tensions and conflicts, should be part of the new structure.

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Politicians Debate Foreign Policy After Elections

WS0111112695 Warsaw GAZETA WYBORCZA in Polish 31 Oct-1 Nov 95 p 4

[Article by Wojciech Zaluska: "On Foreign Policy and the Elections: Neither Pawlak nor Kwasniewski"]

[FBIS Translated Text] *The next five years will decide whether we join the EU and NATO or remain in the "gray zone," becoming a card in the deck dealt by the superpowers. Such is the conclusion of a panel discussion held yesterday by the "Three-Fourths Initiative."*

Asked to indicate the candidate whose victory would be most beneficial for Poland, the participants answered: Neither Pawlak nor Kwasniewski.

Between Russia and NATO

"The West," argued Jerzy M. Nowakowski (of the Movement of 100), "has not forgotten that the post-communists were once responsible for guaranteeing that Polish tanks would invade Copenhagen (in the time of the Warsaw Pact—ed.). It still does not trust them." Bronislaw Komorowski of the Freedom Union [UW] shares this opinion. "The people of the ancien regime pledge that they want to join NATO, but it is very difficult to believe them. When speaking about the economy, they talk of the market and the middle class, yet they continue to raise taxes."

An official from the U.S. Department of State told Nowakowski that representatives of the Polish Government recently placated the Russians in Moscow: "We are talking about integration into NATO in order to appease the public. Truly speaking, it is a very distant goal. Do not be afraid." One of the panelists reminded us that Longin Pastusiak of the Democratic Left Alliance [SLD] is promoting cooperation in the Moscow-Warsaw-Berlin triangle. "Prime Minister Oleksy has already presented this bizarre project to Chancellor Kohl but was met with a cool reception," added Jan Maria Rokita (of UW). He argued: The coalition experts—from Pastusiak through Drawicz to Mleczko —are ready to represent the interests of Moscow. A Russian party may be reborn in Poland. For the next five years, Polish and Russian interests will not intersect, which poses a threat."

Janusz Onyszkiewicz (of UW) was more conciliatory: "The suggestion that the SLD and the Polish Peasant Party are a mouthpiece for Russia is too farfetched. These parties simply think Polish and Russian interests are more convergent than we do." Andrzej Olechowski (of the Movement of 100) spoke in a similar tone: "There is no Russian party; there are only the intellectuals. We have to stick with the East because the West is betraying us...."

NATO Bound or a Trip Into the Unknown

The panelists agreed that, if a post-Solidarity candidate wins the presidential elections, we will not be detrained from the road toward the EU and NATO. Electing Kwasniewski or Pawlak means a trip into the unknown.

Problems began when the panelists tried to indicate which candidate would guarantee the most effective foreign policy. Olechowski had no doubts it would be Lech Walesa, a credible advocate of the pro-West trend. His voice is heard loud and clear in the world.

"The president must be responsible for his words," retorted Janusz Onyszkiewicz, alluding to the NATO II concept. He pointed to Jacek Kuron: "We need a president capable of orchestrating an agreement on foreign policy." Janusz Roszkowski, a supporter of Hanna Gronkiewicz-Waltz, used a similar argument. Rokita summed up this part of the debate: "None of these candidates is perfect. Jacek Kuron might prove overly submissive toward parliament. The president of the National Bank of Poland does not have enough experience. Walesa has little responsibility for his words. Everyone, however, will implement the Polish raison d'etat. This cannot be said of the coalition candidates."

To the question of how a stable foreign policy can be guaranteed, Rokita and Olechowski both replied that the president should take full responsibility for it. Onyszkiewicz defended the strong position of the parliament.

Minister Promises To Reveal Secret SB Files

LD0111101595 Warsaw PAP in Polish 0926 GMT 1 Nov 95

[FBIS Translated Text] Warsaw, 1 Nov—Interior Minister Andrzej Milczanowski has said in an interview given to the POLISH PRESS AGENCY that, if the prosecutor submits an appropriate motion, he will reveal to the justice department the files of the SB [Security Service in communist Poland] agents who may have been connected with the death, unexplained until today, of opposition activist Stanislaw Pyjas in 1977.

The investigation into Pyjas's death, which resumed in 1989, was discontinued in 1994 as a result of the inability to explain the role of secret SB collaborators (there is a suspicion that Pyjas, whose body was found at the entrance to a building in Krakow, was killed by one of them). Until now, by using the law as a justification, the Interior Ministry refused to make the appropriate documents available to the prosecutor's office. However, in mid October of this year, a new law came into force that allows the interior minister to

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reveal information classified as state secrets, provided it may benefit, for example, a murder investigation. "Now I have a legal basis for revealing these documents," Milczanowski says. If the interior minister refuses to make the documents available, the final decision will be made by the first chairman of the Supreme Court.

The minister is not seriously concerned that "police provocation," which on 12 October was made legal, can constitute a threat to civil liberties. "I fear something else: that the new institutions will not be used sufficiently," he said. The interior minister intends to use these methods very cautiously and closely monitor their use.

According to Milczanowski, the draft budget for next year constitutes progress in comparison with past years; among other things, the number of police jobs is to increase. The minister hopes that, as a result of the work on the budget, the unfavorable relations between the material expenditure and the expenditure on human resources will improve. Milczanowski highly regards the activity of the special antiterrorism team to fight bomb attacks, which was set up by the Interior Ministry in March.

Deputy Finance Minister Chojna-Duch Resigns

LD3110195895 Warsaw Polskie Radio First Program Network in Polish 1700 GMT 31 Oct 95

[FBIS Translated Text] The prime minister has accepted the resignation of Deputy Finance Minister Elzbieta Chojna-Duch. Her successor will be known in a few days' time, as he or she presents selected excerpts from the budget to the Sejm committees.

Government Press Spokeswoman Aleksandra Jakubowska pointed out that the resignation was accepted only after the government's work on the budget was completed. Aleksandra Jakubowska gave assurances that the resignation is not linked to the recent media comments about the apartment left to her by her father-in-law.

Banks Attempt To Move Into Russia, CIS

95EP0198A Warsaw GAZETA BANKOWA in Polish 17 Sep 95 No 38, p 7

[Article by Andrzej Ledwoch: "A Leap Sideways: The Eastern Market Continues To Attract Polish Banks"]

[FBIS Translated Text] In the first week of September reports on the eventual departure of Ryszard Tupin, vice chairman of the BGZ [Bank of Food Industry], for a position in an international commercial bank being newly established in Belarus with the participation of the BGZ were repeatedly circulated and denied. The BGZ would be one of the major shareholders in that bank, while the Belarusian side put forward a group of banks called Poisk.

The BGZ refuses to provide details, and the leaks so far have come, it seems, from the Embassy of Belarus.

The establishment abroad of a bank based upon, or with, the participation of Polish capital requires a recommendation by the NBP [National Bank of Poland] chairperson and approval of the minister of finance. So far the BGZ has not requested that recommendation, NBP spokesperson Renata Wisniewska declared.

The Pioneers

Toward the end of 1994, at a conference in Kazimierz, representatives of Polish, Latvian, Lithuanian, Russian, Ukrainian, and Belarusian central and commercial banks pondered how to break out of the vicious circle of barter transactions and clearings and bring about genuine financial cooperation between Poland and CIS countries. The NBP chairperson declared that such discussions would remain academic so long as macroeconomic stability in the East does not set in.

Nevertheless, a growing number of Polish banks appreciate the importance of the eastern markets. At the time of the above-mentioned conference the only Polish bank to maintain offices in Brest and Lutsk was the Lublin Bank Depozytowo-Kredytowy. Pekao, SA, was looking for partners in Russia, and the currently suspended Rolbank was looking for partners in Kaliningrad Oblast. PKO-BP [General Savings Bank-National Bank] dispatched a survey team to Latvia.

In November 1994 the East European Bank (Bank Wschodnio-Europejski, BWE) broadened its cooperation with the Rosvneshtorgbank, the Russian bank most rich in capital, which became a shareholder of the BWE.

Branch Banned

Early this year Bank Handlowy, which had been trying for several years to open a branch in Moscow (in 1992 it opened an office there), was informed by the Bank of Russia that, owing to the lack of legal options for monitoring the operations of branches of foreign banks by the Russian banking supervision agency, they will not be allowed to open. In Russia, as in the West, branches of foreign banks were monitored by the banking supervision agencies of their own countries.

In such a situation Bank Handlowy had two options for entering the Russian market: either to found an autonomous bank, which would require $20-25 million (whereas a bank branch would need $5 million) or to buy a stake in a Russian bank, as is often done by the

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biggest Western banks. In view of the financial risk involved, however, Bank Handlowy will continue to attempt to open a branch instead.

For the time being, Bank Handlowy is systematically building up a network of correspondents. At present it maintains 90 correspondents in the countries of the former USSR. In addition, it maintains there 50 dollar- and German-mark-denominated accounts on behalf of CIS banks, as well as accounts of its own, in them.

But while Bank Handlowy is focusing on Russia, other Polish banks are looking for partners closer to home. The above-mentioned offices in Belarus were opened by Bank Depozytowo-Kredytowy as early as July 1992. Subsequently Bank Pekao SA succeeded in opening offices in St. Petersburg and Vilnius, and Kredyt Bank in Kaliningrad. The latter bought a 7-percent stake in the Minsk Priorbank which, on the principle of reciprocity, bought a fraction-of-a-percent stake in Kredyt Bank. As for Bank Wschodnio-Europejski, it will not expand its network of cooperating banks, because by arrangement it benefits from the services of 160 correspondents of the Rosvneshtorgbank. A different strategy toward the Eastern market was followed by Bank Przemyslowo Handlowy, SA, which is opening successive branches (five by now) along Poland's eastern boundary.

In the Other Direction

The first Russian bank to open an office in Poland was the Moscow MontazhSpetsBank, which was licensed by the NBP in November 1994. The Russians postponed the official opening until 13 January, on a Friday [as published], since according to the Gregorian calendar it was 1 January.

In Russia that bank does not specialize in dealing on the foreign exchange market. Its license enjoins it from engaging in operations on its own behalf in Poland, but it plans to turn its office into a full-fledged banking branch in two years. It would gain greater favor with the NBP if it were to take over some ailing Polish bank, but the Russians are not interested because, as they admit themselves, they are too undercapitalized.

Last June in Warsaw an office of the Belarusian Priorbank officially commenced its operations. In practice, it had already been active for one and a half years; during that time the Belarusians established contacts with the Kredyt Bank and the Lublin Bank Depozytowo-Kredytowy.

The Priorbank Joint-Stock Commercial Bank is the third largest bank in Belarus. It owns 12.4 percent of the assets of the banking system of that country. Its capital stock is valued at $16.1 million, of which 40 percent is held in hard currencies. It is the payments agent of the Belarus Government; it services, e.g., a $200 million EBRD [European Bank for Reconstruction and Development] loan. It clears 35-40 percent of all Belarusian foreign trade transactions.

The next to open offices in Poland (they already received the permits) are the Trans Carpathian Ukrainian Bank of Uzgorod (it would like to open an office in Warsaw) the West Ukrainian Bank, SA, of Lvov (it would like to operate in Lublin), and the Belvneshekonombank of Minsk.

A Dangerous Profession

Banking systems in the Eastern markets are undercapitalized. For example, taken together, the Belarusian banks have assets of only $79 million, and the capitalization of Russia's largest bank is nine times greater than that of all the Belarusian banks.

Ukraine and Belarus have not recorded major advances in their economic reforms in recent years. It does not look like Polish banks will achieve substantial progress in capital cooperation with their eastern neighbors in the next few years. East of Poland it is still difficult to find a strong and credible partner, and the political situation discourages risk-taking, the risks still being high.

An additional risk is the ties between the banking sector and the gray economy and the criminal underworld. The two Eastern banks with offices in Warsaw, whose operations are based upon foreign exchange transactions, claim that this does not concern them. Yet the chairman of Priorbank, when interviewed by the Polish press, on being asked whether CIS bank chairmen who resist laundering dirty money are being killed, answered that the profession of the banker is dangerous. In the same interview he also declared calmly, however: "The bank's strategy was worked out in advance for the next 25 years of my continuing tenure as chairman." If that is a rule in Belarus, being a bank chairman there is indeed a profitable profession.

NBP Responds to Accusations of Arrogance

95EP0197B Warsaw GAZETA BANKOWA in Polish 24 Sep 95 No 39, p 12

[Article by the Press Office of the National Bank of Poland, with a rebuttal by Maciej Urbaniak, the author of the article that initiated this debate: "Rectification of the Untrue Statements Contained in the Article by Maciej Urbaniak, the Arrogant Central Bank,' GAZETA BANKOWA, 6 August 1995"]

[FBIS Translated Text] 1. According to the first accusation, the central bank makes no recommendations concerning persons nominated to the positions of chairmen of the banks under its oversight.

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A recommendation from the central bank regarding such nominees is not mere courtesy but an instrument of oversight on which a great deal depends and for which the central bank is accountable. Until last year we had the right to make such recommendations, but the Supreme Court has voided it. Thus there arises the question whether henceforth it is at all possible for the NBP [National Bank of Poland] chairperson to issue an opinion that would carry weight in registration proceedings. If such proceedings require a prior recommendation, and if legally an adverse recommendation cannot block a nomination which in the opinion of the NBP chairperson is unwise, how can that recommendation be viewed as carrying weight at all under the Code of Administrative Proceedings?

The NBP chairperson's recommendation thus is of no legal importance, since the verdict of the Supreme Court cannot be questioned.

Besides, the law defines neither the procedure nor the deadline for issuing such a recommendation.

To be sure, the NBP chairperson still has the obligation of commenting substantively on the nomination of persons who in the chairperson's opinion do not meet the related requirements, because the NBP is responsible for the security of the banking system.

Failure to issue, or postponement in issuing, a decision is inadmissible once the formal premises for it exist. But there are no rules as to issuing recommendations. Mr. Urbaniak the editor claims that they should be the same as for issuing decisions, but he offers no proof. Yet if a recommendation concerning a particular candidate is positive, it is issued immediately, whereas a negative recommendation, when not issued, makes it impossible for a court of record to register the nominee, which prompts the nominating entity to change its position.

This is a fully legal and correct solution. On the other hand, presenting negative recommendations which are not taken into consideration would mean that the purpose for which the recommendations are issued is not carried out.

It need only be added that the NBP chairperson does keep in mind the existence of the Code of Administrative Proceedings and in fact follows the provisions of that code.

2. In another part of his article editor Urbaniak allows himself to commiserate deeply with the Deutsche Bank, which allegedly "sank" its money in a bank by purchasing its bonds. Editor Urbaniak feels that he should be a spokesman for injured foreign banks which, in their negotiations with the NBP, pledge themselves to aid the Polish banking sector. That aid is refundable, and the fact that the NBP owns a majority stake in a particular bank facilitates the investor's decision, because a real "sinking" would mean investing without hoping for a return. In the case considered, Deutsche Bank knows that it will get back its money. In every case in which a license is granted the appropriate government agency has to pursue a certain policy upon always taking into consideration the needs of the concerned sector. Such is the meaning of the licensing decision in that case, too.

3. Another problem is that of the so-called legislative glossing over as regards the admissibility of the existence of parabanking companies organized on the limited partnership principle on the Polish market.

The legislators have basically foreseen that by delegating to the NBP chairperson and the finance minister the power to jointly grant the requisite permits, but they have not resolved the problem of who is to have oversight powers. This is not specified in authorizations of this kind, which are limited to defining the rules for licensing particular business entities to operate on the Polish market. Thus a legal act is still needed to identify the agency having the powers of oversight.

The case mentioned in Urbaniak's article is not the only case in legal practice of so-called imperfect delegation of powers, which in and of itself makes it impossible to execute these powers.

4. Another topic worrying editor Urbaniak is the case of compensation due from the central bank for its failure to grant permission to accept foreign credit, a case considered by a Warsaw court. The person who failed to receive that permission has sued for compensation in an amount equivalent to the credit in question.

The case of the above-mentioned compensation was considered by the court, which issued a decision that was unfavorable to the NBP.

Another problem examined by a court, and already decided upon in the first instance, is how to dispose of the funds accumulated in the bank accounts of the customers of the brokerage department of Animex Bank.

Editor Urbaniak blames the NBP for blocking these funds despite the fact that brokerage accounts are, according to the author, subject to the jurisdiction of the Securities Commission. The esteemed Author has failed to perceive, just like the court of the first instance, that the Securities Commission had already previously ordered the closure of the brokerage department of that bank. It was closed by an administrative decision, correct as interpreted pursuant to the Code of Administrative Proceedings. But the brokerage department of a bank is not a legal entity and is not subject to a special liquidation process. It is an organizationally separate

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unit of the bank. Once the Securities Commission has ordered the closing of that brokerage department, it no longer has any jurisdiction in the case, and now the NBP is the competent institution; hence, the NBP's decisions were quite correct, precisely in view of its competences.

5. Last, there is the issue, diffidently as it was raised by editor Urbaniak, of the membership of an NBP employee in the council of the Bank Loan Guarantee Fund. Editor Urbaniak states that he cannot even dare to believe that the NBP is a bank, but at the same time has delegated one of its employees to membership in said council, considering that the Law on the Bank Loan Guarantee Fund enjoins bank employees from holding executive positions at that fund.

In this case editor Urbaniak's diffidence is completely misplaced. He should have made bold to read the text of the law concerning the NBP, which specifies that it is precisely the bank as interpreted by that law and that it does not benefit from the services of the Bank Loan Guarantee Fund, and therefore the ban mentioned by the author in his article does not affect it. What is more, said law obligates the NBP to assign its representatives to the fund's council. The exclusion of other banks from membership in the board and council of the Bank Loan Guarantee Fund is intended by the law to avert conflict situations in which a representative of a bank benefiting from the assistance of that fund would participate in adopting the related decisions. The NBP is not authorized to benefit from the Bank Loan Assistance Fund and, what is more, it has financially contributed to the formation of that fund.

Rebuttal by Maciej Urbaniak

The above response from the NBP is not a "rectification," contrary to what it states, but a polemic against the accusations presented in my article. That is because a rectification applies to facts and not to their interpretation. In such cases the Press Law allows the author the right of a reply.

1. Issuing a recommendation concerning a nominee to bank chairmanship is the statutory duty of the NBP chairperson. This duty cannot be identified with an instrument of "oversight," since it is not mentioned in the statutory list of instruments of oversight vested in the central bank. Had the legislators wanted to make such "recommendations" binding, they would have done so. The draft banking law advocated by the NBP contains a provision for appointing the chairmen of other banks "with the consent" of the NBP chairperson; in this way, the central bank is admitting that its recommendations at present are not binding on shareholders.

The long and convoluted arguments of the NBP as to the reasons why that central bank cannot issue an adverse recommendation concerning a banking nominee about whom it has reservations, and how thus it is able to block the nomination, is a classic example of how the central bank and its management interpret and (unfortunately) apply the law.

The fact that the law defines neither the procedure nor the deadline for issuing a recommendation should not be an excuse for blocking the staffing of a vacancy to the position of a bank chairman. In the eye of the law in force, it is the bank's shareholders who make the staffing decision.

2. Making the grant of a banking license contingent on aid to banks which experience major difficulties is, it must be loyally stated, a practice also employed by the central banks of other countries. But the forms of that aid vary. Thus while there can be hardly any reservations about the practice of "selling" a banking license together with a bank under bankruptcy proceedings (as in the recent case of the takeover of Megabank by Bayerische Vereinsbank), the case cited in the NBP article elicits serious doubts.

That is because Deutsche Bank acquired for about 100 billion old zlotys seven- and eight-year bonds of Prosper Bank bearing 1-percent annual interest. It paid for them, of course, in convertible currency. After these bonds are redeemed, it will be able to use the proceeds to buy back the convertible currency and repatriate it—except that in real terms the amount will by then be about 80 percent less than was paid for the bonds.

Thus the NBP's Press Office is either mocking or being naive when it states, "In this particular case, it (Deutsche Bank—M.U.) knows that it will get its money back." This whole story is made more piquant by the fact that it is the NBP that owns the Prosper Bank and in selling its shares (which it allegedly intends to do), it will reap the entire profit from this transaction.

3. Article III, Paragraph 3, of the Banking Law specifies, "The NBP chairperson shall, in cooperation with the minister of finance, issue an executive order governing the procedure for granting permits (to commercial companies, for the handling of certain banking operations—M.U.) and for the oversight of said banking operations." It does not appear that TK [expansion unknown] could question, by means of an order, entrusting that oversight to the Main Inspectorate of Banking Supervision. Since there is a gap in the legal provisions, it either has to be filled by interpretation or a proposal should be made to incorporate a new provision. The NBP has not done so.

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4. Regarding the case of Janusz Lekszton, the court did not share the NBP's position, and on the contrary it criticized the central bank for its failure to issue a decision. It dismissed the claim on the grounds that no damages were proven. In the case of Animex Bank, too, the NBP lost out.

5. I did not protest against the delegation of a representative of the central bank to membership in the council of the Bank Loan Guarantee Fund; I merely protested against interpreting the law conveniently whenever it suits the NBP. To be sure, it is true that the central bank will not benefit from the services of that fund, but is also true that three banks in which it is the main shareholder or co-owner will benefit from them.

Agencies Accused of Appropriating Ecology Funds

95EP0199A Poznan WPROST in Polish 24 Sep 95 No 39, pp 28-29

[Article by Eryk Mistewicz: "The Stratosphere: Funds for Environmental Protection Often Get Lost Within the System of Interrelated Funds, Foundations, and Parabudgetary and Parabanking Institutions"]

[FBIS Translated Text] The NFOSiGW [National Fund for Environmental Protection and Water Management] has been granting preferential loans without even the slightest attempt to investigate the creditworthiness of the lenders. According to the Fund's internal documents, "difficult loans" account for 20 percent of the funds loaned.

Sejm deputies are claiming that the NFOSiGW Supervising Council is controlled by PSL [Polish Socialist Party] activists. This is turning the system for financing ecological projects into a system for funding the rural electorate and selected, including private, enterprises.

NFOSiGW employees are saying that in recent months huge amounts from the Fund have been spent. Ecologists repeat that money intended to serve environmental protection often gets lost within a system of interrelated funds, foundations, and parabudgetary and parabanking institutions. In this way, protection of the biosphere is turning into a political stratosphere, with the losers being both the taxpayers and environmental protection.

The fees and penalties imposed on industrial polluters for polluting air and waters and for discharging waste water are transferred to the NFOSiGW instead of to the state budget. This procedure for handling money was intended to protect the "ecological till" from encroachment by the heads of other ministries and to keep it apolitical. But reports from the Supreme Chamber of Control cite growing numbers of instances of mismanagement in that parabudgetary fund, which annually disposes of 8 trillion old zlotys. It was found that, among other things, this fund does not operate an efficient system for recording requests for financial assistance. For this reason, the fates of subsidies and preferential loans have often been decided fortuitously.

The NFOSiGW has been granting loans in violation of the law, without an adequate study and collection of the required documents.

Preferential loans were not repaid, and nonrefundable subsidies were not properly recorded. The Supreme Chamber of Control found, moreover, that no one has been evaluating the ecological consequences of the investments underway, not even the NFOSiGW itself, which furthermore granted preferential loans without even the slightest attempt to determine the creditworthiness of lenders. According to internal documents of the Fund, bad loans accounted for 20 percent of the monies loaned.

The more interesting loans granted by the NFOSiGW include those given to PPH [State Trade Enterprise] Catco, in amounts of 1 billion old zlotys each, for the modernization of old boiler plants. The Fund's representatives did not investigate the need for these loans, and neither did they verify the lender's creditworthiness—all they did was simply deposit monies in the bank account indicated. It was only four months later that it became accidentally known that the boiler plants which were to be modernized with the loans granted by the Fund did not exist. Also notorious was the loan for building a waste water treatment plant in Smielow, granted to Farmutil HS Agricultural-Industrial Plant, which is owned by Senator Henryk Stoklosa. The NFOSiGW did not assess the purpose of the loan, and the contract was prepared in disregard of the critical opinion of an expert who questioned the possibility of effectively improving environmental protection. Even more, insuring the loan was "forgotten," as was specifying in writing the financial consequences to the lender in the event of delinquency in repayment of the loan, a loophole which he conveniently exploited. In addition, the amount of the loan was made much greater: the value of a part of the investment, estimated by the investor at 48 billion old zlotys, in reality was not more than 6 billion. The Fund accepted double-entry bookkeeping of project objectives and did not effectively audit the monies spent. Thus it is nothing surprising that the senator's company utilized the preferential loan for purposes other than those specified in the agreement.

Although the law did not admit that possibility, the NFOSiGW Board of Governors provided guarantees of bank loans to various enterprises. Such guarantees were received by, among others, RSPU [expansion unknown]

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Wspolpraca of Bestwina, PPH Zel-Pol of Chelm, PZ [expansion unknown] Legpol of Legnica, and Wrosilbet of Wroclaw. When the companies were unable to repay the loans, the banks exacted payments from the accounts of the Fund.

NIK [Supreme Chamber of Control] auditors claim that the Fund is ceasing to perform the objectives for which it was established.

Instead of allocating funds for ecology-related investments, the Fund management has spent them for other purposes, on projects that have not always been successful.

Spending on ecological investments from the NFOSiGW budget has dropped (to 67.3 percent from 87.7), while at the same time the proportion of spending on capital-market transactions, with disturbingly insignificant results to the "ecology till," has markedly increased. According to the NIK, the profits of the Fund after two years of investing more than 230 billion old zlotys in the capital market increased by barely 5 billion old zlotys, i.e., 2.1 percent of the Fund's capital thus invested.

Internal documents of the Fund show that in 1994 it spent more than 400 billion old zlotys on investments in the capital market (twice as much as planned earlier). Toward the end of 1994 the NFOSiGW owned shares in 12 companies and the aggregate value of these shares was 700 billion old zlotys. The largest stake owned by the Fund at present is in the Bank of Environmental Protection, SA.

Banking institutions are not the last links in the chain of financial operations intended by the initiators of the Fund to finance proecology investments. Some funds have been invested in, e.g, the Telewizja Ekologiczna-Poznan company, which never got off the ground at all. The partnership formed between the NFOSiGW and Envitepol AB Engineering likewise received a loan as far back as 1 June 1990 without since becoming active. Recently, following alarmist reports from the NIK, the NFOSiGW Supervising Council debated additional funding for Dromex, a company intending to use the Fund's money to purchase equipment for upgrading road surfaces. The rationale stated that "ecological funds" could be used to repair 50,000 km of roads in Poland and eliminate ruts.

At the same time, for the benefit of the management of plants desirous of introducing new technologies and of the mayors of townships which have problems with completing the construction of their waste water treatment plants, it is said that financial support of proecology investments is not possible. "There is no money" is the answer most often give by the Fund's employees. "But perhaps it is distributed to the wrong recipients," wonder the members of the Committee for Environmental Protection, National Chamber of Business.

Despite previous recommendations by the NIK, the NFOSiGW has been spending funds on too large a number of minor objectives of a local nature. It thus scored a propaganda success by pointing to the number rather than to the quality of its investments. As for supraregional ecological projects, in such a situation they often remained a pipe dream.

Ecologists repeat that environmental protection is the loser when politicians interfere. The NFOSiGW is dominated by the Polish Peasant Party (PSL). The head of the Fund's supervising council is Jozef Zegar, a member of the Supreme Council of the PSL. Other members of the council include PSL deputies Jozef Lochowski and Aleksander Bentkowski, members of the PSL's leadership, along with PSL Senator Ryszard Ochwat and Dominik Ludwiczak, a member of the presidium of the Supreme Executive Committee of the PSL. The Fund is under oversight by Stanislaw Zelichowski, minister of environmental protection, who also belongs to the PSL.

The PSL is using its domination of the Fund to strengthen its position in the countryside, as one opposition deputy said. When a PSL parliament member declares to a village or a town, "I got for you 10 billion old zlotys for the installation of gas facilities (or a water main)," this means more often than not building a political base of support over the years. Yet that money was supposed to be spent on ecological protection alone.

[Diagram, p 29]

Funding of Environmental Protection

Foreign aid, 5 percent; Local environmental protection and water management funds, 1 percent; Central budget, 7 percent; Local budgets, 16 percent; Enterprise funds, 25 percent; NFOSiGW, 21 percent; Voivodship environmental protection and water management funds, 25 percent.

Referendum on Enfranchisement Proposal Opposed

95EP0197A Warsaw GAZETA BANKOWA in Polish 24 Sep 95 No 39, p 2

[Editorial: "A Referendum—No"]

[FBIS Translated Text] President Lech Walesa promised NSZZ Solidarity to hold a referendum on property enfranchisement. The president can do that on the basis of the provisions of the new referendum law which took effect on 9 September 1995. But should he do so?

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Under the Little Constitution and the above-mentioned law, a referendum may be held on important national issues. Property enfranchisement is undoubtedly one such issue.

The procedure is new and practically unknown to anyone. Hence let us describe it briefly. A referendum may be ordered by Sejm, by passing a resolution to that effect with an absolute majority of votes—in the presence of a quorum of one-half of the total number of deputies—or by the Polish president with the consent of the Senate, given by an absolute majority of votes in the presence of a quorum of one-half of the total number of senators. In the first case, Sejm determines the language of the questions or variants of solutions to be asked in a given referendum, and in the second it is the president who does so and the Senate can only either accept or vote down the proposal as a whole within 14 days.

NSZZ Solidarity has already drafted a concept of property enfranchisement. Currently it is working to translate it into the language of figures, while at the same time it is drafting the questions to be asked in the referendum. Should the president succeed in getting the consent of the Senate (which in the present preelection atmosphere is quite possible), the results of the referendum are a foregone conclusion. One has to be politically and economically very savvy to answer "no" to the question, "Would you like some pocket money?"

Should more than one-half of the registered voters take part in the voting (which is not unlikely in the event that it coincides with the presidential elections), the results of the referendum would become binding to all government agencies.

In courting the voters, no one—and especially not the incumbent president, who anyway has no right to a third term [as published]—has considered what would happen if the voters were to answer "yes." There is not that much left to distribute. The state still owns several thousand enterprises, mostly inefficient ones anyhow, along with a stake in several hundred commercial partnerships and a little housing. The rest, being public facilities and institutions, would still have to remain state or municipal property.

The first consequence would thus be total disappointment. There would be very little to distribute per average Pole. But that is not the point; what is worse is that those several thousand enterprises would thus forfeit the opportunity to be sensibly privatized, to find strategic investors, and to obtain an injection of technology and management. And in world opinion Poland would become a trifling country in which populism has prevailed over common sense. May it not happen.

Throughout his term of office, and especially in the last two years, President Lech Walesa has been ensuring the stability of direction of the Polish reforms. Should he hold a referendum on "property enfranchisement" nowadays, that would mean reneging on his entire policy up to now, dissipating the accomplishments of his presidency.

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Army Chief on Closer Ties With Ukraine, Hungary

AU0111094395 Bucharest CURIERUL NATIONAL in Romanian 27 Oct 95 p 5

[Article by Monica Szlavik: "There Are Prospects for a Romanian-Ukrainian-Hungarian Cooperation"]

[FBIS Translated Text] "We would like, through mutual proposals, to have other neighbors in our region—I am referring to Hungary, Bulgaria, and other countries—join the cooperation between the Romanian and Ukrainian Armies. If there is a Romanian-Hungarian military relationship, for which I have only words of praise, and another one between the Romanian and Ukrainian Armies (which we want to develop to the same level as the one with Hungary), I do not see why there should not also be a Romanian-Ukrainian-Hungarian relationship," Army General Dumitru Cioflina, chief of staff of the Romanian Army, told the press at the conclusion of the visit to our country by his Ukrainian counterpart Colonel Gen. Anatoliy Vasylyovych Lopata. He added: "We would even like to involve the United States in such a relationship, as a source of experience and financing. I am talking about exercises like those held within the Partnership for Peace [PFP] program or in the PFP spirit." Col. Gen. Lopata said that "there is no doubt that our countries have finally decided to pay greater attention to promoting our cooperation and changing our relationship." Romanian-Ukrainian relations will "explode" in 1996, as the Romanian side has suggested 66 activities (33 in Romania and 33 in Ukraine). Regarding the technological military cooperation, Dumitru Cioflina emphasized that one is not talking here about arms purchases, but rather about cooperation in scientific research.

Talks Begin With Matra To Manufacture Missiles

AU3110203195 Bucharest EVENIMENTUL ZILEI in Romanian 24 Oct 95 p 3

[Report by Radu Tudor: "The Famous Matra Armament and Espionage Equipment Company Is Courting the Romanian Market"]

[FBIS Translated Excerpt]

Together With the Hachette Company, Matra Makes Up the Lagardere Group

These days the deputy president of the Lagardere Group, which also incorporates the famous Matra armament company, is visiting in Romania. This is a good opportunity for Romania to strengthen its ties with a company in which we could be highly interested.

The Lagardere Group is an international company, situated among the very first ones in Europe and throughout the world, regarding the volume of its activity and its turnover (25 billion francs in 1994.) The business done by the Lagardere Group is based on the activity of the Matra and Hachette companies and principally it covers four various fields. [passage omitted]

In Cooperation With Matra Romania Will Manufacture Magic 2-Type Air-to-Air Missiles

On 22 February 1995 REUTER news agency ran an item claiming that Romania intends to manufacture missiles in cooperation with two famous French companies, namely, Matra and Euromissile.

"Negotiations with Matra have reached an advanced stage intended to manufacture Magic 2-type air-to-air missiles," Colonel Costica Laptes, who was at the head of the Romanian Army Industrial Group (GIARA), told REUTER.

"During our preliminary talks with the French experts we agreed to import 20 percent of the missiles we need, while the remaining 80 percent we will manufacture ourselves," Col. Laptes also asserted.

Romania intends to equip its MiG-23 aircraft with Magic 2-type air-to-air missiles, which are to replace the outdated Soviet-made AA-8 Aphid-type ones. The GIARA is currently negotiating with Euromissile to manufacture in the country Mila 2 T-type antitank missiles produced by the aforementioned French company.

Generals Promoted in Rank During Army Day

AU3110115995 Bucharest EVENIMENTUL ZILEI in Romanian 25 Oct 95 p 1

[Report by Radu Tudor: "On Army Day Several Generals Were Promoted"]

[FBIS Translated Text]

EVENIMENTUL ZILEI Warmly and Sincerely Wishes the Romanian Army Many Happy Returns

At the proposal of the national defense minister and occasioned by the Romanian Army Day, the following brigade generals were promoted to the rank of division general: Ion Sandulescu, chief of the Air Force and Air Defense General Staff; Mihai Iliescu, first deputy of the chief of Air Force and Air Defense General Staff; and Florinel Papuc, commander of the Military Technical Academy. Rear Admiral Constantin Iordache, navy inspector of the MApN [Ministry of National Defense] Inspectorate, was promoted to the rank of vice admiral.

Today in all the garrisons throughout the country military ceremonies are taking place to mark Army

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Day. Wreaths will be laid in all military ceremonies, including those of foreign soldiers, and several large units will receive their combat flags.

Iliescu Rejects Grounds of Revival of Antisemitism

AU3110140595 Bucharest EVENIMENTUL ZILEI in Romanian 27 Oct 95 p 11

[Dispatch from New York by Raluca Trandafirescu: "President Ion Iliescu Gave the Antidefamation League Explanations About Antisemitic Attitudes in Romania"]

[FBIS Translated Text] President Ion Iliescu met in New York, last Wednesday [25 October], with representatives of the Jewish organization the Antidefamation League, to whom he presented "information and personal assessments" about what the hosts termed the trends to reactivate antisemitism in Romania—Presidential Spokesman Ambassador Traian Chebeleu told the press. The sides also tackled the attempts to rehabilitate Marshal Ion Antonescu [Romania's military dictator during World War II]. The League's leadership did not raise these problems in an aggressive manner, but rather sought for information, Chebeleu said. During the meeting, President Iliescu reiterated his previously stated positions and rejected the hypothesis of a revival of antisemitism in Romania. On several occasions the Romanian head of state said that the anti-Jewish manifestations noted so far are isolated acts and not the symptom of a radicalization of Romanian society. At the same time, he emphasized that recognition of Marshal Antonescu's military merit does not absolve him of his political mistakes. The declared goal of the Antidefamation League, with headquarters in New York, is to halt the denigration of Jews and ensure just and correct treatment for all citizens. In 1994, the League had a budget of $36,000,000, mainly put together through personal contributions and donations by Jewish institutions.

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Drnovsek on EU, Relations With Austria, Croatia

AU3110212095 Vienna DIE PRESSE "Slovenia" Supplement in German 31 Oct 95 pp 1-2

[Report on interview with Slovene Prime Minister Janez Drnovsek by Pia Maria Plechl; place and date not given: "Slovenia Continues To Build on Austria"]

[FBIS Translated Text] "Relations between the two neighbors Austria and Slovenia are excellent," Slovene Prime Minister Janez Drnovsek, who is also leader of the Liberal Democrats and an economic scientist, said and pointed to good contacts with Federal Chancellor Vranitzky and Foreign Minister and Vice Chancellor Schuessel. He "cannot look ahead" but he is hoping that this will not change, Drnovsek said. Slovenia is "absolutely interested" in good contacts with Austria. More precisely: "We continue to build on Austria's support on our path into the EU and on the exchange of information and talks that have been of great help to us especially since Austria joined the EU."

The Slovene Government was seeking EU membership "as soon as possible." "Yet, the timeframe does not depend on us." In the community, the policy was not quite clear, and "there are different interests" both regarding expansion and tasks. Drnovsek repeated that Slovenia "is ready at any time."

The associate membership agreement has been negotiated but not signed yet. The delay "is being caused by Italy, which is drawing out the process and actually obstructing it." Slovenia is trying to come to a solution with Rome, but so far to no avail. "Italy wants us to fully liberalize the acquisition of property, including holiday homes—even while we are only an associate member. Austria achieved a five-year transition period starting with full membership." One can certainly think about such conditions—"whether we want to pay such a price" "within the framework of international regulations." Yet, "mere associate membership is not worth this price." The prime minister also criticized that bilateral issues are mingled with the EU question. Nevertheless, "we will continue the talks."

At any rate, Slovenia will continue its positive economic developments. "We are quite obviously a natural EU candidate. With three out of five, we are meeting more Maastricht criteria than other countries, including Italy. Within the next few years we will meet all of them."

Slovenia's relations with two of its four unmarred neighbors are unmarred—Austria and Hungary. Problems exist with Croatia. "We are trying to achieve at least a formal agreement on the course of the border," Drnovsek said. The controversy centers mainly around the coastal region of Piran: "Slovenia has the right to direct access to the open sea. Croatia thinks this access should be possible only through its territorial waters." One was already "close to a solution" in the negotiations "but then they were interrupted by the election campaign in Croatia. We now have to wait and see. We are hoping that things will turn out all right eventually."

The conversation was bound to lead to the Bosnia war. "Since 1991 we have focussed on our own development. We want to present ourselves to the world as a new state that stands outside these problems and events," the prime minister said. "Yet, we have often been asked for advise, and gave advise without making much fuss about it." After the state of Slovenia was founded, the country has been trying to establish good contacts with the successor states of the former Yugoslavia. It has fully supported the international embargo against the remainder of Yugoslavia. "Should the community of peoples lift the embargo we will also follow suit. Yet, we will not be at the vanguard of such efforts." Slovenia is hoping to have normal relations in the entire region, "even though we have no intention whatsoever to enter into special alliances in the region." Drnovsek said that he wanted "normal neighborly relations." Everything else "belongs to the past."

Drnovsek adds that by taking a look back into history, one knows today that, after World War I, Slovenia "did not act very successfully": "The Kingdom of Serbs, Croats, and Slovenes was an artificial entity." After World War II, another opportunity emerged, but it was not used. "After the political earthquake, which started with the fall of the Berlin Wall, we seized the opportunity: We prevented a war and founded a state of our own, thus correcting wrong historic developments."

Slovenia does "not want to miss any more chances." We have proven "that we are viable" economically. "It has been difficult because we lost a huge market overnight," but "we have been successful. Now everything will get better."

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Federal

Milosevic Optimistic Ohio Talks Will Succeed

LD0111102495 Belgrade TANJUG in English 0927 GMT 1 Nov 95

[FBIS Transcribed Text] Dayton, Nov. 1 (TANJUG)—Serbian President Slobodan Milosevic said on arriving at Wright-Patterson Air Force Base outside Dayton, Ohio, late on Tuesday local time that he was optimistic about the outcome of Bosnia peace talks opening on Wednesday.

'I believe the talks will succeed. We attach great importance to the peace initiative of the United States... and we are here to join the effort to bring peace to the Balkans,' Milosevic said.

Milosevic, who heads the Yugoslav delegation to the talks, was met at the airport near Dayton by U.S. Assistant Secretary of State Richard Holbrooke and a number of his associates as well as by E.U. mediator Carl Bildt.

Having received a red carpet and honour guard treatment at the airport, Milosevic and Holbrooke headed for the pavilions where delegations of the participants in the talks will be accommodated.

The Yugoslav delegation also includes Montenegrin President Momir Bulatovic, Yugoslav Foreign Minister Milan Milutinovic and officials of the Republika Srpska, Bosnian Serb state—Nikola Koljevic, Aleksa Buha and Momcilo Krajisnik.

Croatian President Franjo Tudjman and Bosnian Muslim leader Alija Izetbegovic have also arrived at the base.

U.S. Secretary of State Warren Christopher is expected in Dayton on Wednesday morning. He will have bilateral meetings with the participants in the summit and will later attend the opening of the peace talks.

Bosnia talks have again became a hot political topic in the united states that has caused a lot of disagreement between the administration and congress. The majority of the congressmen strongly oppose President Bill Clinton's decision to send 25,000 troops to police the implementation of a peace agreement.

On arriving at the base late on Tuesday afternoon after meeting with Clinton and the Council for National Security, Holbrooke said he had concluded his consultations in Washington, and said the eyes of the entire world were turned to Dayton. 'We have a very tough job ahead of us,' Holbrooke said.

Government To Promote Open Market Economy

LD3110191095 Belgrade TANJUG in English 1620 GMT 31 Oct 95

[FBIS Transcribed Text] Belgrade, Oct. 31 (TANJUG)—Yugoslav Prime Minister Radoje Kontic said here on Tuesday that the Yugoslav government's current growth policy would not give up the development of the open market economy.

In talks with a delegation of Yugoslav economists, Kontic said that the Yugoslav government, in expectation of the soon lifting of the U.N. sanctions on Yugoslavia, is speedily preparing strategic projects which should enable the reintegration of the Yugoslav economy into the world goods and capital markets.

The delegation, headed by the President of the Alliance of Yugoslav Economists-Prof. Dr. Nebojsa Savic and the President of the Scientific Association of Yugoslav Economists-Academician Branislav Soskic, informed the prime minister about the preparations for the 27th conference of Yugoslav economists, the Yugoslav Information Secretariat said.

At the conference, which will be held in mid-December in Belgrade, the most prominent Yugoslav experts will discuss economic policy measures over the next few years.

Interior Minister on New Citizenship Law

LD0111151095 Belgrade TANJUG in English 1227 GMT 1 Nov 95

[FBIS Transcribed Text] Belgrade, Nov. 1 (TANJUG)—The aim of a new law on citizenship is the continuity of Yugoslav citizenship as part of the continuity of Yugoslavia, Interior Minister Vukasin Jokanovic told TANJUG.

The draft laws on citizenship, passports, residence for foreigners and the security of state borders submitted to the federal parliament proceed from the highest standards and democratic achievements in the international practice, Jokanovic said Wednesday.

The draft regulations on federal and republican citizenships give precedence to federal citizenship over the republican, as opposed to the 1974 constitutional solutions under which federal citizenship resulted from the republican, the federal minister specified.

'Citizens who had Serbian or Montenegrin citizenship on the day of the proclamation of the Constitution of the Federal Republic of Yugoslavia, April 27, 1992, would automatically, by the force of law, be considered citizens of the F.R.Y.', Jokanovic said.

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He specified that citizens of the former Yugoslav republics would get the F.R.Y. citizenship if they had had permanent residence in Serbia or Montenegro on April 27, 1992 and on condition they applied to be registered as Yugoslav citizens within a year from the date the new law took effect.

The interior minister said the draft law envisaged the possibility of dual citizenship only in exceptional cases.

'The draft law does not use the term 'refugees' but envisages for displaced persons from the war-affected regions who have fled to the F.R.Y. a procedure for the obtaining of Yugoslav citizenship,' Jokanovic explained.

He specified that the federal Interior Ministry would consider each individual request and decide whether a displaced person met the necessary requirements for Yugoslav citizenship.

'Those citizens who will have no possibility to return to their previous place of residence but do meet the general legal requirements will get Yugoslav citizenship,' the minister specified.

'If it is established that Yugoslav citizenship has been obtained on the basis of forged documents, falsely supplied information or other irregularities,' such persons will be stripped of Yugoslav citizenship, the minister stressed.

He said the status of limitation did not apply in such instances.

Air Carrier Rejoins World Booking Body

LD2910134195 Belgrade TANJUG in English 1242 GMT 29 Oct 95

[FBIS Transcribed Text] Madrid, Oct. 29 (TANJUG)—Yugoslav air carrier JAT has again joined the world booking body which uses a computer network to reach clients all around the globe, JAT sales manager Branka Stefanovic has stated.

JAT's membership in the organisation was suspended after the United Nations Security Council imposed sanctions on the Yugoslav Federation of Serbia and Montenegro on 31 May 1992.

Stefanovic said that JAT's participation in a three-day annual meeting of the organisation, which ended in Madrid on Saturday, practically means that the carrier has again become an active member.

'We have renewed old ties and established new contacts,' she said and added that JAT's readmission was heartily welcomed by more than 120 participants in the meeting hosted by the Madrid-based central European booking system 'Amadeus'.

The organisation was founded in the United States in 1981 to promote global cooperation among commercial airliners and major booking systems.

Serbia

Opposition Leaders Skeptical on U.S. Talks

AU0111131495 Paris AFP in English 1251 GMT 1 Nov 95

[FBIS Transcribed Text] Belgrade, Nov 1 (AFP)—Serbia's nationalist opposition parties are sceptical about the outcome of US-sponsored Bosnian peace talks which were to start in the United States Wednesday [1 November].

"The other side (Moslem-Croat) is stronger as it enjoys the support of the big world powers," said Zoran Djindjic, head of the centre-right Democratic Party (DS) in statement cited by the independent news agency BETA.

The presidents of Bosnia, Croatia and Serbia are to meet at a US air base in Dayton, Ohio to try and work out a peace settlement with members of the five-power "contact group" on the former Yugoslavia and international mediators.

Djindjic said his party hoped the talks would at least help to formalise the position of the self-proclaimed Bosnian Serb republic, giving it "an administrative, political and territorial unity inside Bosnia-Hercegovina."

The party also believed the US-hosted talks, at the Wright-Patterson Air Force base, would finally allow for the lifting of "most" of the sanctions against Federal Yugoslavia (Serbia and Montenegro).

Vojislav Kostunica, who heads the Democratic Party of Serbia (DSS), said the talks may put an end to the war "but that will eliminate neither its causes nor consequences."

The future Bosnia-Hercegovina would be an "artificial" state, while the sanctions against the RFY will only be partially lifted, he said.

"We are not optimistic," said extreme-right leader Vojislav Seselj. The Serbian Radical Party (SRS) leader said the talks did not bode well for Serbian President Slobodan Milosevic's political future, saying the Socialist leader "left for Dayton to sign the definitive surrender in the name of the Serb people and ...it would be better if he did not return to Serbia."

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Seselj Says Milosevic Will Betray Serbia

LD0111110595 Belgrade SRNA in Serbo-Croatian 1009 GMT 1 Nov 95

[FBIS Translated Text] Belgrade, 1 Nov (SRNA)—Serbian Radical Party [Srpska Radikalna Stranka-SRS] Chairman Vojislav Seselj said today that he "does not expect anything good to come out of" the upcoming negotiations in Dayton and is not optimistic.

Seselj said that "the best thing Slobodan Milosevic can do is not to come back to Serbia."

Milosevic has set out to definitively sign a capitulation in Ohio on behalf of the Serbian people, surrender the western territories, and offer the Americans Kosovo and Metohija, Sandzak, and part of Vojvodina. He accepted negotiations in order to preserve his personal power, the leader of the radicals believes.

Seselj also said that "Milosevic cannot possibly be a legitimate negotiator on behalf of Serbia, Montenegro, and the Federal Republic of Yugoslavia, let alone of the Serb Republic and the Republic of Serb Krajina. [no closing quotation marks as received]

It will take us decades to redress what Milosevic is going to "mess up on this occasion," Seselj said.

Committee Report Alleges Crimes Against Serbs

AU3110075695 Belgrade VECERNJE NOVOSTI in Serbo-Croatian 26 Oct 95 p 4

[Report by M. Bosnjak: "Operation 'Flash' in 178 Files"]

[FBIS Translated Text] The Federal Committee for the Collection of Data About War Crimes Committed in the Former Yugoslavia has sent its sixth monthly report to the FRY Government, containing 178 cases of crimes committed by the Croatian and the Muslim [Bosnia-Herzegovina Government] side.

On the basis of a detailed study of 29 cases, a picture was given of the international war and humanitarian rights violations during the latest Croatian aggression on areas under the UN protection, during Operation "Flash" in western Slavonia and Operation "Storm" [against rebel Serbs in the Krajina region], which caused the exodus of more than 200,000 Serbs from Lika, northern Dalmatia, Banija, and Kordun.

Apart from the evidence collected on the spot, the sixth report also contains data hitherto unknown about the mass murders of civilians in the western Slavonian and Krajina areas devastated in Operation "Storm."

Of the 178 cases described, 40 refer to the deliberate murder of civilians and 20 to the murders of people under arrest or POWs. The rest are vicious crimes committed against the wounded and the sick, hostages, and suchlike. The devastation of civilian facilities without any military purpose, of religious and other cultural and historical monuments committed by Croatian and Muslim formations, is documented by numerous pieces of evidence hitherto unknown.

A special part of the report includes files on crimes predominantly committed in former Bosnia-Herzegovina by the application of the method of the so-called "Turkish tradition." Sixty files are included in which cases of decapitation have been described. Apart from that, the report also contains a new section too: an enlarged list of camps for Serbs. By the time of publication of this report, 600 have been located: 355 in the former Bosnia-Herzegovina, 159 in Croatia, and 20 (!) in Slovenia.

"On the basis of all previous reports and the latest one issued by the abovementioned committee, it can be concluded that the ethnic cleansing of Serbs in Croatia has been systematic, with the application of a plan made by the highest authorities," is stated at the end of the report submitted to the FRY Government.

The committee members have announced the publicization of details from the abovementioned 178 files on war crimes committed by Croats and Muslims in a news conference to be held soon.

'Official' Data on 619,000 Refugees Issued

AU3010154395 Belgrade TANJUG Domestic Service in Serbo-Croatian 1240 GMT 30 Oct 95

[FBIS Translated Excerpt] Belgrade, 30 Oct (TANJUG)—According to the data of the Serbian Commissariat for Refugees, 619,000 refugees and expellees are officially registered in the republic.

According to the latest bulletin issued by the Commissariat, out of the said number, 430,000 refugees have registered status, and 189,000 are refugees from the Republic of Serb Krajina (RSK).

Of the refugees, 249,000 are from the territory of the former Bosnia-Herzegovina, 149,000 are from Croatia, and 32,000 from Slovenia. [passage omitted]

The registered refugees include 324,000 Serbs, 45,000 people who proclaimed themselves to be Yugoslavs (mostly of mixed marriages and children from such families), 41,000 Muslims, and 10,000 Croats. The remaining 9,000 refugees include members of all peoples and nationalities from the territory of the earlier Yugoslavia. [passage omitted]

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Disputes Within Serbian Orthodox Church Viewed

95BA0385A Ljubljana DNEVNIK in Slovene 16 Sep 95 p 8

[Article by (tm): "Serbian Orthodox Church Shaken By Quarrels"]

[FBIS Translated Text] Belgrade, 16 Sep—The Serbian Orthodox Church can no longer hide the serious quarrels within its ranks. In fact, Raska-Prizren Bishop Artemije, in a public letter that was published by the Belgrade weekly NIN, has criticized Patriarch Pavle for many things.

He is bothered most of all by three of his appearances in the past month, in which he damaged the Serbs with completely contradictory statements, in his opinion. First of all, he decisively spoke out in defense of the Serbs following their suffering in the Krajina, and thus aroused people's hope, because he also pointed out the Belgrade regime's responsibility for everything bad that had happened to the Serbian people over the past five years. Afterward, however, the patriarch and the church leadership, in a joint statement, sounded considerably more conciliatory. In this regard, Bishop Artemije is wondering who even adopted the joint statement, because the Synod dispersed before the text of the statement was adopted. In the statement, they called for unity among the Serbian people and opposed divisions, in what Artemije believes to be a very lukewarm manner.

The worst criticisms against Patriarch Pavle and Backa Bishop Irinej, however, have to do with the signing of the agreement between Pale and Belgrade in which the fate of all Serbs was left entirely and without reservation to Milosevic, "i.e., to a person whom you, Your Holiness, have proclaimed guilty and responsible for everything that has happened to us and thus incompetent to continue leading our people...."

Bishop Artemije then, as he says himself, summarizes the mood of the Serbian people in Kosovo, and asks the patriarch: "Will we lose our sacred Kosovo with the blessing of our patriarch?" He then warns him that after his signing of that document, "for sale" signs were hung on many Serbian houses in Kosovo and Metohija.

Montenegro

LSCG Criticizes Bulatovic Statement on Talks

AU3110171595 Belgrade NASA BORBA in Serbo-Croatian 31 Oct 95 p 2

[Report by "D.B.": "What Rights Does Montenegro Have?"]

[FBIS Translated Text] Podgorica—The Liberal Alliance of Montenegro [LSCG] yesterday criticized Montenegrin President Momir Bulatovic because at yesterday's news conference prior to departing for the negotiations in Dayton he "avoided presenting the citizens of Montenegro with a clear political platform with the basic principles of Montenegro's national and state interests."

"Considering that the question of the political future of Montenegro will be raised in Dayton, as well as its state status within the conference on the entire region of the former Yugoslavia, in the view of the LSCG, President Bulatovic took a much more downgraded position that the one assigned to his function by the Constitution," reads the LSCG's statement signed by the party's information secretary, Nada Bukilic.

As for President Bulatovic's claim that "Montenegro should be given back the rights of an equal member of the international community," the Montenegrin Liberals think that "this claim would make sense if the citizens of Montenegro knew what Montenegro's rights were, if any, within the so-called Yugoslavia."

Attempts To Ethnically Cleanse Kotor Bay Alleged

95BA0385B Ljubljana DNEVNIK in Slovene 16 Sep 95 p 9

[Article by Slobodan Raskovic: "Refugees' Battle for Kotor Bay—Intimidating Letters Sow Unrest Between Catholics and Orthodox on the Montenegrin Coast"]

[FBIS Translated Text] Tivat, 16 Sep—Certainly not many Serbian refugees from the Knin Krajina in Croatia have ended up in Montenegro, but they have sought refuge for themselves in the most beautiful areas of Kotor Bay. They really are reluctant to leave there, as the Montenegrins realized four years ago when the first refugees from Slovenia, Croatia, and Bosnia came to them. They have selected for their new homes the best houses, usually the houses of prominent Croats and Slovenes who settled a long time ago on the most beautiful bay in the world, as they call Kotor Bay.

The refugees do not care about anything. They accuse the former owners, as Catholics, of enjoying all the rights of citizens of Montenegro and Serbia, while

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only waiting for Tudjman to enter the "Serbian" Bay. They criticize them for living in luxury in their houses and luxurious apartments, while not even thinking, as "loyal Yugoslav citizens," of offering hospitality to any Serbian family, even though their church advises them to do so. Such criticisms are usually also reinforced with the threat that there are only a handful of Catholics at the Bay, not even close to as many Serbs as there were in the Krajina and Slavonia, and that it would therefore be easier to "get rid of them."

Letters with such content are sowing fear these days among the Catholics in Kotor Bay, and even among those Orthodox Montenegrin residents who have been living for centuries in harmony and amity with those of other religions. The letters are unsigned, of course.

Because of all this, many Catholics are already getting ready to move away from the wonderful bay, which has existed for centuries as a cosmopolitan and ecumenical region. In fact, the police and the Montenegrin authorities are keeping silent, even though they probably know quite well who is writing the malicious and morbid letters. They are refugees from the Knin Krajina and their domestic advisers, Greater Serbian chauvinists, who have become more influential in these years of war. After 1991, in fact, they became much stronger. At that time about 30,000 of the worst Serbs settled in Kotor Bay. They fled from Slovenia, Croatia, and Bosnia. Their arrival completely changed the region's demographic and political composition. In Hercegovina there are now approximately as many refugees as residents; about 5,000 Serbian refugees, primarily navy officers and their relatives, have settled in Tivat; and only Kotor has somehow still preserved its ethnic composition. About 300 Croats and perhaps a few Slovenes have already moved out of the Bay. The houses they left were too crowded for all the Serbian newcomers, and that is why they have now prepared a new campaign against the remaining Catholics. There are not all that few of them in the Bay, because for a long time it was administered by Venice, Austro-Hungary, and France. The Catholic religion was dominant there for a long time, as the number of Catholic churches also proves. Poisonous letters alone are not enough for them in this persecution of Catholics, and so they are also resorting to telephone threats, setting fires, and doing all sorts of other things.

That kind of behavior also bothers the Montenegrin Liberal Alliance, the republic's strongest opposition party. Because it advocates a civil, multinational, multicultural, and multiconfessional and sovereign Montenegro, it sent a delegation to Police Minister Filip Vujanovic to warn him about overt attempts at ethnic cleansing of the Bay. It warned him that the chauvinists, if they achieved their goal, would seriously disrupt the political and security situation in the republic, resulting in unrest. That is probably what those staging the persecution of Catholics want.

Kosovo

Serb Colonist 'Settlement' in Mitrovica Viewed

AU2810191395

[FBIS Editorial Report] Pristina KOSOVA DAILY REPORT in English No 734 on 26 October carries two reports on the "settlement" of Serbian colonists in the province.

Under the headline "Settlement for Serb Colonists Being Constructed at a Prishtina Village," the report says that "a settlement for Serb refugees is due to be erected at Jugovic village, some five miles northeast of Prishtina." Democratic League of Kosovo (LDK) sources in Jugovic say that the construction work to build "some 50 houses" started on 24 October, with "dozens of Serbs firing their arms in the air for a couple of hours" at the "solemn inauguration." The report notes that "an offspring of a Belgrade firm Beopetrol in this village has granted the means for the construction." Sources in Jugovic say that "as many as 60 Serb colonists" have already been "housed" in the village. The report points out that "both Serb locals and arrivals have been provoking the Albanian residents in the village, especially in the night hours, when rallies of fire arms are fired in the air." Residents say that "Serbian police and army officers have been visiting the village almost every evening."

Focusing on the settlement of the Serb colonists in the flats of Albanians living in Mitrovica, the report says that on 12 October, a Serb, who had arrived from Croatia, "settled" in the apartment of an Albanian miner, who had been "dismissed" from the Trepa mines in Mitrovica. Sources in Mitrovica say that "the Serb colonists broke into the apartment" while no one was at home. It is reported that the Albanian family has been living in the flat "for 25 years."

The LDK Information Commission in Mitrovica reports on 26 October that another miner with the Mitrovica-based Trepa mines "was ordered by the Serbian police on 24 October to vacate his apartment in town." The Albanian was reportedly told that "a Serb family from Krajina (Croatia) was to occupy the flat instead."

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